ACLEDA Bank Plc.
and its subsidiaries

Consolidated and Separate
Interim Financial Statements
for the three-month period ended
31 March 2021
and
Independent Auditor's Report on
Interim Financial Statements

ACLEDA Bank Plc. and its subsidiaries

CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

Contents

Report of the Board of Directors

The Board of Directors ("the Board" or "the Directors") hereby submits their report together with the consolidated interim financial statements of ACLEDA Bank Plc. ("the Bank") and its subsidiaries (collectively referred to as "the Group") and the separate interim financial statements of the Bank as at 31 March 2021 and for the period then ended (hereafter collectively referred to as "the interim financial statements").

The Bank

Prior to 1 December 2003, the Bank was a public limited company formed under the laws of the Kingdom of Cambodia to operate as a specialised bank with its Head Office located in Phnom Penh and 14 branches in the Kingdom of Cambodia. On 1 December 2003, the National Bank of Cambodia ("NBC") issued a license for the Bank to become a private commercial bank for a period of three years commencing 1 December 2003. The Bank's license was renewed for an indefinite period on 28 November 2006. The registered office of the Bank is located at No 61, Preah Monivong Boulevard, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia. The Bank may open additional offices in Cambodia and in other countries, and may change the location of its main registered office upon registering the change with the Ministry of Commerce ("MoC") and receiving approval from NBC.

Principal activities

The Bank operates under regulations by NBC with special focus on providing lending and other financial services to the citizenry and small and medium-sized enterprises, and to engage in all other activities, which the Directors believe, support these objectives.

Interim financial performance

The audited interim financial performance of the Group and the Bank for the period ended 31 March 2021 are set out in the consolidated interim statement of profit or loss and other comprehensive income and separate interim statement of profit or loss and other comprehensive income on pages 13 – 14 and 20, respectively.

Share capital and share premiums

Share capital and share premium are classified as equity. Incremental costs directly attributable to the issuance of new share capital are shown in equity as a deduction, net of tax, from the proceeds.

ចុះបញ្ជីក្រោមលេខ
Registration No. 00003077
អគារលេខ៦១ មហាវិថីព្រះមុនីវង្ស សង្កាត់ស្រះចក ខណ្ឌដូនពេញ រាជធានីភ្នំពេញ ព្រះរាជាណាចក្រកម្ពុជា
#61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.
ទូរស័ព្ទ Tel: +855 (0) 23 998 777 / 430 999, ទូរសារ Fax: +855 (0) 23 430 555, ប្រអប់សំបុត្រ P.O.Box: 1149
E-mail: acledabank@acledabank.com.kh, Website: www.acledabank.com.kh, SWIFT Code: ACLBKHPP

Reserves and provisions

There were no material movements to or from reserves and provisions during the period other than those disclosed in the interim financial statements.

Bad and doubtful loans

Before the interim financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and advances or making of provisions for doubtful loans and advances, and satisfied themselves that all known bad loans and advances had been written off and that adequate provisions have been made for bad and doubtful loans and advances.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the amount written off for bad loans and advances or the amount of the provisions for bad and doubtful loans and advances in the interim financial statements of the Group and the Bank inadequate to any material extent.

Assets

Before the interim financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Group and the Bank, have been written down to an amount which they might be expected to realise.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the values attributed to the assets in the interim financial statements of the Group and the Bank misleading in any material respect.

Valuation methods

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the interim financial statements of the Group and the Bank misleading or inappropriate in any material respect.

Contingent and other liabilities

At the date of this report, there is:

(a) no charge on the assets of the Group and the Bank which has arisen since the end of the financial period which secures the liabilities of any other person, and

(b) no contingent liability in respect of the Group and the Bank that has arisen since the end of the financial period other than in the ordinary course of banking business.

Contingent and other liabilities (continued)

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may have a material effect on the ability of the Group and the Bank to meet its obligations as and when they become due.

Change of circumstances

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the interim financial statements of the Group and the Bank, which would render any amount stated in the interim financial statements misleading in any material respect.

Items of an unusual nature

The results of the operations of the Group and the Bank for the financial period were not, in the opinion of the Directors, materially affected by any items, transactions or events of a material and unusual nature except for the outbreak of the Novel Coronavirus ("Covid-19").

There has not arisen in the interval between the end of the financial period and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to substantially affect the results of the operations of the Group and the Bank for the period in which this report is made.

Coronavirus and impact on expected credit loss

The expected credit loss ("ECL") was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus (Covid-19) outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity. The impact on gross domestic product ("GDP") and other key indicators has been considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL in which the calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of COVID-19 on the Group and the Bank, however, this estimate may move materially as events unfold. See Note 3(b) for further details.

The Board of Directors and the Executive Committee

The members of the Board of Directors during the period and at the date of this report are:

▪ Mr. Chhay Soeun	Chairman (Non-executive Director)
▪ Dr. In Channy	Member (Executive Director)
▪ Mr. Rath Yumeng	Member (Executive Director)
▪ Mr. Kenichiro Mori	Member (Non-executive Director)
▪ Ms. Mirjam Janssen	Member (Non-executive Director)
▪ Mr. Stéphane Mangiavacca	Member (Non-executive Director)
▪ Drs. Pieter Kooi	Member (Independent Director)
▪ Mr. Ian Samuel Lydall	Member (Independent Director)
▪ Mr. Van Sou Ieng	Member (Independent Director)

The Board of Directors and the Executive Committee (continued)

The members of the Executive Committee during the period and at the date of this report are:

▪ Dr. In Channy	President & Group Managing Director
▪ Dr. So Phonnary	Senior EVP & Group Chief Operations Officer
▪ Mrs. Mar Amara	Senior EVP & Group Chief Financial Officer
▪ Mr. Rath Yumeng	Senior EVP & Group Chief Treasury Officer
▪ Mr. Ly Thay	EVP & Group Chief Administrative Officer
▪ Mrs. Buth Bunsayha	EVP & Group Chief Legal Officer and Corporate Secretary
▪ Mr. Mach Theary	EVP & Group Chief Information Officer
▪ Dr. Loeung Sopheap	EVP & Group Chief Risk Officer

The Management and those charged with governance's responsibilities in respect of the interim financial statements

The Management and those charged with governance, is responsible for ensuring that the interim financial statements are properly drawn up so as to present fairly, in all material respects, the interim financial position of the Group and the Bank as at 31 March 2021 and the interim financial performance and cash flows for the period then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

In preparing these interim financial statements, the Management and those charged with governance is required to:

i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

ii) comply with the disclosure requirements of CIFRSs or if there have been any departures in the interest of true and fair presentation, these have been appropriately disclosed, explained and quantified in the interim financial statements;

iii) maintain adequate accounting records and an effective system of internal controls;

iv) prepare the interim financial statements on a going concern basis unless it is inappropriate to assume that the Group and the Bank will continue operations in the foreseeable future; and

v) effectively control and direct the Group and the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the interim financial statements.

vi) safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management and those charged with governance confirms that the Group and the Bank have complied with the above requirements in preparing the interim financial statements.

Mrs. Mar Amara
Senior Executive Vice President & Group Chief Financial Officer

Dr. In Channy
President & Group Managing Director

Phnom Penh, Kingdom of Cambodia

Date: 7 May 2021

ACLEDA Bank Plc. and its subsidiaries

Approval of the interim financial statements

The accompanying interim financial statements, together with the notes thereto set out on pages 12 to 176, which present fairly, in all material respects, the interim financial position of the Group and of the Bank as at 31 March 2021, and the interim financial performance and cash flows of the Group and of the Bank for period then ended in accordance with CIFRSs, were approved by the Board of Directors.

Signed in accordance with a resolution of the Board of Directors.

Mr. Chhay Soeun
Chairman

Phnom Penh, Kingdom of Cambodia

Date: 7 May 2021

Grant Thornton

Independent auditor's report

Grant Thornton (Cambodia) Limited
20th Floor Canadia Tower
315 Preah Ang Duong Street
(corner Monivong Boulevard)
Sangkat Wat Phnom
Khan Daun Penh
Phnom Penh
Kingdom of Cambodia

T +855 23 966 520
www.grantthornton.com.kh

To the Shareholders of
ACLEDA Bank Plc. and its subsidiaries

Opinion

We have audited the consolidated interim financial statements of ACLEDA Bank Plc. and its subsidiaries ("the Group") and the separate interim financial statements of ACLEDA Bank Plc. ("the Bank"), which comprise the consolidated and separate interim statements of financial position of the Group and the Bank as at 31 March 2021, and the consolidated and separate interim statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the consolidated and separate interim financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 12 to 176 (hereafter referred to as "the interim financial statements").

In our opinion, the interim financial statements present fairly, in all material respects, the interim financial positions of the Group and the Bank as at 31 March 2021, and of its interim financial performance and cash flows for the three-month period then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the interim financial statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the interim financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the interim financial statements of the current period. These matters were addressed in the context of our audit of the interim financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Allowance for impairment losses on loans to customers
Refer to Note 2(e)(vii) for the Group's and the Bank's accounting policy on impairment of loans to customers, Note 3 on critical accounting judgements and estimation uncertainty and Note 35.1 for the Group's and the Bank's credit risk disclosures.
Loans to customers constitute approximately 68.12% and 67.26% of the Group's and the Bank's total assets. The Group's and the Bank's loan portfolio mainly comprises loans to customers in wholesale and retail, services and agriculture. Refer to Note 35.1(d)(ii) for details. The customers comprise of both corporates and individuals.
The Group and the Bank adopted CIFRS 9 "Financial Instruments" in 2019. CIFRS 9 introduces an expected credit loss ("ECL") impairment model, which requires the use of complex models and significant assumptions about future economic conditions and credit behavior. This complex accounting standard requires considerable judgement and interpretation in its implementation, especially during this unprecedented era – Covid-19 pandemic, which brings about a high degree of estimation uncertainty.
The significant judgements in applying the accounting requirements for measuring ECL include the following:

Building the appropriate collective assessment models used to calculate ECL. The models are inherently complex and judgement is applied in determining the appropriate construct of the models;
Timely identification of loans to customers and financing that have experienced a significant increase in credit risk;
Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors and date sets; and

</td><td>
Our audit procedures included the following:

We obtained understanding, evaluated the design and implementation, and tested the operating effectiveness of the key controls over the allowance for impairment losses. These controls, among others, included:

Loan applications and credit reviews;
Identification of significant increase in credit risk;
Subsequent annual review of the credit worthiness of the borrower; and
Accuracy of data inputs .

We assessed whether the methodology and assumptions used in the ECL models are consistent with the requirements of CIFRS 9, incorporating consideration of Covid-19 impacts.
We tested a sample of loan reviews for the appropriateness of the loan grading and staging, challenged Management's evaluations and conclusions on the credit worthiness and classification of the selected loans.
We evaluated the process used by Management to develop forward-looking information. For a sample of significant forward-looking information variables, we compared it to independently derived forecasts and publicly available information.
We tested the accuracy of key inputs into the ECL models by comparing against source systems and documents.
We recomputed the ECL to test the mathematical accuracy of the ECL models.
We assessed the adequacy of disclosures to ensure compliance with CIFRS 9.

We involved our specialists in the performance of the above procedures, when necessary, where their specific expertise was required.
</td></tr>
</table>

Grant Thornton

• Effects of Covid-19 pandemic in relation to the significant judgement listed above.	

Other matter

The financial statements as at 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 25 February 2021. We also draw attention to the fact that the comparative financial performance for the quarter ended 31 March 2020 were not audited but was reviewed by the same auditor who issued a limited assurance on the Group's interim financial statements on 25 May 2020.

Other information

The Management is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors as set out in pages 1 to 6, but does not include the interim financial statements and our auditor's report thereon.

Our opinion on the interim financial statements does not cover the other information and we do not express any form of assurance and conclusion thereon.

In connection with our audit of the interim financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the interim financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those charged with governance for the interim financial statements

The Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with CIFRSs, and for such internal control as the Management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim financial statements, the Management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditors' responsibilities for the audit of the interim financial statements

Our objectives are to obtain reasonable assurance about whether the interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim financial statements.

Grant Thornton

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim financial statements, including the disclosures, and whether the interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated interim financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grant Thornton

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the interim financial statements of the current period and are therefore the key audit matters. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ronald C. Almera.

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED

GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants
Registered Auditors

Ronald C. Almera
Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
7 May 2021

ACLEDA Bank Plc. and its subsidiaries

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
ASSETS					
Cash on hand	5	550,058,552	412,759,051	2,224,986,843	1,669,610,361
Deposits and placements with other banks, net	6	633,232,554	534,653,146	2,561,425,681	2,162,671,976
Financial investments	7	448,808,354	566,674,523	1,815,429,792	2,292,198,446
Loans and advances, net	8	4,729,143,735	4,471,300,618	19,129,386,408	18,086,411,000
Other assets	9	24,558,084	22,766,913	99,337,450	92,092,163
Statutory deposits	10	372,687,935	360,377,008	1,507,522,697	1,457,724,997
Property and equipment, net	12	127,306,476	127,546,441	514,954,695	515,925,354
Intangible assets, net	13	13,957,581	14,690,675	56,458,415	59,423,780
Right-of-use assets, net	14	28,606,269	29,529,768	115,712,358	119,447,912
Deferred tax assets, net	15	14,016,663	11,195,845	56,697,402	45,287,193
TOTAL ASSETS		6,942,376,203	6,551,493,988	28,081,911,741	26,500,793,182
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	16	391,774,429	317,009,459	1,584,727,565	1,282,303,262
Deposits from customers	17	4,563,659,447	4,294,286,048	18,460,002,463	17,370,387,064
Other liabilities	18	88,492,544	63,751,108	357,952,340	257,873,232
Borrowings	19	526,115,382	542,398,916	2,128,136,720	2,194,003,615
Subordinated debts	20	169,949,525	167,158,623	687,445,829	676,156,630
Current income tax liabilities	29(a)	12,817,827	30,292,370	51,848,110	122,532,637
Lease liabilities	21	27,897,232	28,617,902	112,844,303	115,759,414
Employee benefits	22	20,811,858	18,354,055	84,183,966	74,242,152
TOTAL LIABILITIES		5,801,518,244	5,461,868,481	23,467,141,296	22,093,258,006
EQUITY					
Share capital	23	433,163,019	433,163,019	1,752,144,412	1,752,144,412
Share premiums	23	11,706,215	11,706,215	47,351,640	47,351,640
Reserves	33	576,305,623	503,094,236	2,345,270,620	2,048,708,997
Retained earnings		113,557,739	141,662,037	445,226,679	559,330,127
TOTAL EQUITY		1,134,732,596	1,089,625,507	4,589,993,351	4,407,535,176
Non-controlling interests		6,125,363	-	24,777,094	-
TOTAL LIABILITIES AND EQUITY		6,942,376,203	6,551,493,988	28,081,911,741	26,500,793,182

The accompanying notes on page 25 to 176 form an integral part of these interim financial statements.

ACLEDA Bank Plc. and its subsidiaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Note	For the three-month period ended 31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
Interest income	24	139,573,397	127,767,166	566,667,992	519,117,995
Interest expense	25	(38,230,009)	(37,726,485)	(155,213,837)	(153,282,709)
Net interest income		101,343,388	90,040,681	411,454,155	365,835,286
Fee and commission income	26	12,457,842	12,527,507	50,578,839	50,899,261
Fee and commission expense		(920,654)	(729,761)	(3,737,855)	(2,965,019)
Net fee and commission income		11,537,188	11,797,746	46,840,984	47,934,242
Allowances for impairment losses on loans and advances, deposits and placements with other banks and other receivables	35.1(f)	(3,816,962)	(2,397,488)	(15,496,866)	(9,740,994)
Allowance for impairment losses on off-balance sheet commitments		123,219	(13,009)	500,269	(52,856)
Net impairment losses		(3,693,743)	(2,410,497)	(14,996,597)	(9,793,850)
Net income after allowance for impairment		109,186,833	99,427,930	443,298,542	403,975,678
Other income	27	4,170,099	4,198,056	16,930,602	17,056,702
General and administrative expenses	28	(61,462,038)	(61,091,388)	(249,535,874)	(248,214,309)
Profit before income tax		51,894,894	42,534,598	210,693,270	172,818,071
Income tax expense	29(b)	(7,793,456)	(8,949,477)	(31,641,431)	(36,361,724)
Profit for the period (carried forward to next page)		44,101,438	33,585,121	179,051,839	136,456,347

ACLEDA Bank Plc. and its subsidiaries

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Note	For the three-month period ended			
		31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)
		US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
Profit for the period (brought forward from previous page)		44,101,438	33,585,121	179,051,839	136,456,347
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of employee benefit obligations		157,945	785,629	641,257	3,192,007
Items that are or may be reclassified subsequently to profit or loss:					
Currency translation differences		-	-	(663,893)	(363,875)
Other comprehensive income for the period		157,945	785,629	(22,636)	2,828,132
Total comprehensive income for the period		44,259,383	34,370,750	179,029,203	139,284,479
Profit for the period attributable to:					
Owners of the Bank		44,229,869	33,585,121	179,573,269	136,456,347
Non-controlling interests		(128,431)	-	(521,430)	-
		44,101,438	33,585,121	179,051,839	136,456,347
Total comprehensive income attributable to:					
Owners of the Bank		44,385,394	34,370,750	179,538,917	139,284,479
Non-controlling interests		(126,011)	-	(509,714)	-
		44,259,383	34,370,750	179,029,203	139,284,479

The earnings per share attributable to shareholders of Bank during the period are as follows:

	Note				
Basic earnings per share	30	0.10	0.08	0.41	0.32
Diluted earnings per share	30	0.10	0.08	0.41	0.32

The accompanying notes on page 25 to 176 form an integral part of these interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Attributable to equity holders of the Parent													
	Share capital		Share premiums		Reserves		Retained earnings		Total		**Non-controlling interest**		**Total equity**	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	**US$**	**KHR'000 (Note 4)**	**US$**	**KHR'000 (Note 4)**
As at 1 January 2021	433,163,019	1,752,144,412	11,706,215	47,351,640	503,094,236	2,048,708,997	141,662,037	559,330,127	1,089,625,507	4,407,535,176	-	-	1,089,625,507	4,407,535,176
Profit for the period	-	-	-	-	-	-	44,229,869	179,573,269	44,229,869	179,573,269	(128,431)	(521,430)	44,101,438	179,051,839
Other comprehensive income:														
Remeasurement of employee benefit obligations	-	-	-	-	-	-	155,525	631,432	155,525	631,432	2,420	9,825	157,945	641,257
Currency translation differences	-	-	-	-	-	(665,784)	-	-	-	(665,784)	-	1,891	-	(663,893)
Total comprehensive income for the period	-	-	-	-	-	(665,784)	44,385,394	180,204,701	44,385,394	179,538,917	(126,011)	(509,714)	44,259,383	179,029,203
Transaction with owners:														
Increase share capital of AIB invested by AFT	6,047,046	24,551,007	-	-	-	-	-	-	6,047,046	24,551,007	-	-	6,047,046	24,551,007
Share premium of AIB	-	-	3,952,954	16,048,993	-	-	-	-	3,952,954	16,048,993	-	-	3,952,954	16,048,993
Eliminated share capital of AIB to NCI	(6,047,046)	(24,551,007)	(924,635)	(3,754,018)	-	-	-	-	(6,971,681)	(28,305,025)	6,971,681	28,305,025	-	-
Transfers from retained earnings to general reserves	-	-	-	-	64,527,752	261,982,673	(64,527,752)	(261,982,673)	-	-	-	-	-	-
Transfer from retained earnings to regulatory reserves	-	-	-	-	8,680,735	35,243,784	(8,680,735)	(35,243,784)	-	-	-	-	-	-
Transfers from retained earnings to NCI	-	-	-	-	-	-	718,795	2,918,308	718,795	2,918,308	(718,795)	(2,918,308)	-	-
Reserve NCI	-	-	(3,028,319)	(12,294,975)	3,028,319	12,294,975	-	-	-	-	-	-	-	-
Currency translation differences - foreign subsidiaries	-	-	-	-	(3,025,419)	(12,283,201)	-	-	(3,025,419)	(12,283,201)	(1,512)	(6,139)	(3,026,931)	(12,289,340)
Currency translation differences	-	-	-	-	-	(10,824)	-	-	-	(10,824)	-	(93,770)	-	(104,594)
Total transactions with owners:	-	-	-	-	73,211,387	297,227,407	(72,489,692)	(294,308,149)	721,695	2,919,258	6,251,374	25,286,808	6,973,069	28,206,066
As at 31 March 2021	433,163,019	1,752,144,412	11,706,215	47,351,640	576,305,623	2,345,270,620	113,557,739	445,226,679	1,134,732,596	4,589,993,351	6,125,363	24,777,094	1,140,857,959	4,614,770,445

ACLEDA Bank Plc. and its subsidiaries

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Attributable to equity holders of the Parent													
	Share capital		Share premiums		Reserves		Retained earnings		Total		Non-controlling interest		Total equity	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
As at 1 January 2020	428,818,154	1,747,433,978	-	-	414,748,726	1,708,085,266	120,894,720	474,661,776	964,461,600	3,930,181,020	-	-	964,461,600	3,930,181,020
Profit for the period(Unaudited)	-	-	-	-	-	-	33,585,121	136,456,347	33,585,121	136,456,347	-	-	33,585,121	136,456,347
Other comprehensive income: (Unaudited)														
Remeasurement of employee benefit obligations	-	-	-	-	-	-	785,629	3,192,007	785,629	3,192,007	-	-	785,629	3,192,007
Currency translation differences	-	-	-	-	-	(363,875)	-	-	-	(363,875)	-	-	-	(363,875)
Total comprehensive income for the period(Unaudited)	-	-	-	-	-	(363,875)	34,370,750	139,648,354	34,370,750	139,284,479	-	-	34,370,750	139,284,479
Transaction with owners: (Unaudited)														
Dividend paid	-	-	-	-	-	-	(32,718,825)	(132,380,366)	(32,718,825)	(132,380,366)	-	-	(32,718,825)	(132,380,366)
Transfers from retained earnings to general reserves	-	-	-	-	85,983,220	350,037,689	(85,983,220)	(350,037,689)	-	-	-	-	-	-
Transfer from retained earnings to regulatory reserves	-	-	-	-	2,219,320	9,032,632	(2,219,320)	(9,032,632)	-	-	-	-	-	-
Currency translation differences - foreign subsidiaries	-	-	-	-	726,346	2,956,228	-	-	726,346	2,956,228	-	-	726,346	2,956,228
Currency translation differences	-	(2,144,090)	-	-	-	(2,858,995)	-	-	-	(5,003,085)	-	-	-	(5,003,085)
Total transactions with owners: (Unaudited)	-	(2,144,090)	-	-	88,928,886	359,167,554	(120,921,365)	(491,450,687)	(31,992,479)	(134,427,223)	-	-	(31,992,479)	(134,427,223)
As at 31 March 2020 (Unaudited)	428,818,154	1,745,289,888	-	-	503,677,612	2,066,888,945	34,344,105	122,859,443	966,839,871	3,935,038,276	-	-	966,839,871	3,935,038,276

The accompanying notes on page 25 to 176 form an integral part of these interim financial statements.

ACLEDA Bank Plc. and its subsidiaries

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

		For the three-month period ended			
	Note	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
Cash flows from operating activities					
Profit for the period		51,894,894	42,534,598	210,693,270	172,818,071
Adjustments for:					
Depreciation	12	5,082,106	5,282,960	20,633,350	21,464,666
Amortisation	13	1,034,329	804,869	4,199,376	3,270,183
Depreciation on right-of-use assets	14	2,674,390	2,624,430	10,858,023	10,663,059
Adjustments of property and equipment		20,845	17,972	84,631	73,020
Adjustments of intangible assets		(16,322)	262,241	(66,267)	1,065,485
Provident fund expenses		-	107,908	-	438,430
Allowances for impairment losses	8	3,693,743	2,410,497	14,996,597	9,793,850
Retirement benefits	22(a)	414,243	1,511,161	1,681,827	6,139,847
Seniority indemnity benefits	22(c)	2,010,443	2,117,559	8,162,399	8,603,643
Income tax expense	29(b)	-	-	-	-
Career development		367,426	339,720	1,491,750	1,380,282
Currency translation reserves		(3,026,931)	726,346	(12,289,340)	2,951,144
Net interest income		(101,343,388)	(90,040,681)	(411,454,155)	(365,835,286)
Gains on disposals of property and equipment, and intangible assets		439,678	(18,039)	1,785,093	(73,292)
Unrealised exchange gains		(670,216)	(177,286)	(2,721,078)	(720,312)
Operating loss before changes in working capital"		(37,424,760)	(31,495,745)	(151,944,524)	(127,967,210)
Changes in:					
Loans and advances		(261,002,232)	(108,565,939)	(1,059,669,062)	(441,103,410)
Deposits and placements with other banks		(87,015,318)	19,368,076	(353,282,191)	78,692,493
Statutory deposits		58,745,691	(2,964,444)	238,507,505	(12,044,536)
Other assets		(2,055,981)	(687,634)	(8,347,283)	(2,793,857)
Deposits from customers		269,373,399	(43,647,661)	1,093,656,000	(177,340,447)
Deposits and placements from other banks and financial institutions		74,764,970	21,893,269	303,545,778	88,952,352
Other liabilities		24,402,048	20,547,983	99,072,315	83,486,455
Cash flow generated from/(used in)		39,787,817	(125,552,095)	161,538,538	(510,118,160)
Interest received		139,839,009	127,646,463	567,746,377	518,627,579
Interest paid		(38,202,890)	(37,910,431)	(155,103,733)	(154,030,081)
Income tax paid	29(a)	(27,932,075)	(30,366,141)	(113,404,225)	(123,377,631)
Provident fund paid		-	(106,218)	-	(431,564)
Retirement benefits paid	22(a)	(98,292)	(25,392)	(399,066)	(103,168)
Career development paid	22(b)	(2,090)	(2,083,111)	(8,485)	(8,463,680)
Seniority benefits paid	22(c)	(53,589)	(10,144)	(217,571)	(41,215)
Net cash from /(used in) operating activities		113,337,890	(68,407,069)	460,151,835	(277,937,920)

ACLEDA Bank Plc. and its subsidiaries

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

		For the three-month period ended			
	Note	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
Cash flows from investing activities					
Financial investments		448,936	(5,147,374)	1,822,680	(20,913,781)
Purchases of property and equipment	12	(4,927,115)	(2,721,856)	(20,004,087)	(11,058,901)
Purchases of intangible assets	13	(798,631)	(110,192)	(3,242,442)	(447,710)
Minority interest		-	-	-	-
Proceeds from disposals of property and equipment		71,797	32,662	291,496	132,706
Net cash used in investing activities		(5,205,013)	(7,946,760)	(21,132,353)	(32,287,686)
Cash flows from financing activities					
Payments of dividends		-	(32,718,825)	-	(132,936,586)
Increase share capital of AIB invested by AFT		6,971,681	-	28,305,025	-
Reserve NCI		3,028,319	-	12,294,975	-
Repayments of borrowings		(57,911,546)	(33,594,572)	(235,120,877)	(136,494,746)
Proceeds from borrowings		45,335,201	-	184,060,916	-
Proceeds from subordinated debts		-	22,481,491	-	91,342,298
Payments of lease liabilities	21	(2,919,758)	(2,762,231)	(11,854,217)	(11,222,945)
Net cash used in financing activities		(5,496,103)	(46,594,137)	(22,314,178)	(189,311,979)
Net increase/(decrease)in cash and cash equivalents		102,636,774	(122,947,966)	416,705,304	(499,537,585)
Cash and cash equivalents at the beginning of the period	31	1,497,105,504	1,498,720,457	6,055,791,764	6,107,285,862
Currency translation difference		-	-	(1,539,553)	(8,354,239)
Cash and cash equivalents at the end of the period	31	1,599,742,278	1,375,772,491	6,470,957,515	5,599,394,038

The accompanying notes on page 25 to 176 form an integral part of these interim financial statements.

ACLEDA Bank Plc. and its subsidiaries

SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
ASSETS					
Cash on hand	5	535,885,902	400,816,126	2,167,658,474	1,621,301,230
Deposits and placements with other banks, net	6	609,118,794	507,629,407	2,463,885,522	2,053,360,951
Financial investments	7	448,808,354	566,674,523	1,815,429,792	2,292,198,446
Loans and advances, net	8	4,554,838,332	4,292,649,159	18,424,321,053	17,363,765,848
Other assets	9	21,568,145	20,256,110	87,243,148	81,935,965
Statutory deposits	10	368,862,883	356,753,756	1,492,050,362	1,443,068,943
Investments in subsidiaries	11	91,115,571	91,115,571	368,562,485	368,562,485
Property and equipment, net	12	91,237,466	90,836,422	369,055,550	367,433,327
Intangible assets, net	13	12,653,437	13,884,558	51,183,153	56,163,037
Right-of-use assets, net	14	25,500,385	26,182,172	103,149,057	105,906,886
Deferred tax assets, net	15	12,187,441	12,685,947	49,298,199	51,314,656
TOTAL ASSETS		6,771,776,710	6,379,483,751	27,391,836,795	25,805,011,774
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and placements of other banks and financial institutions	16	372,722,195	296,764,554	1,507,661,279	1,200,412,621
Deposits from customers	17	4,456,994,563	4,180,268,737	18,028,543,007	16,909,187,041
Other liabilities	18	86,640,361	62,408,882	350,460,260	252,443,928
Borrowings	19	492,315,404	507,352,916	1,991,415,809	2,052,242,545
Subordinated debts	20	169,949,525	167,158,623	687,445,829	676,156,630
Current income tax liabilities	29(a)	10,921,459	27,950,334	44,177,302	113,059,101
Lease liabilities	21	25,155,413	25,772,385	101,753,646	104,249,297
Employee benefits	22	20,146,128	17,781,763	81,491,088	71,927,231
TOTAL LIABILITIES		5,634,845,048	5,285,458,194	22,792,948,220	21,379,678,394
EQUITY					
Share capital	23	433,163,019	433,163,019	1,752,144,412	1,752,144,412
Share premiums	23	11,706,215	11,706,215	47,351,640	47,351,640
Reserves	33	577,790,713	510,741,554	2,350,933,795	2,079,357,802
Retained earnings		114,271,715	138,414,769	448,458,728	546,479,526
TOTAL EQUITY		1,136,931,662	1,094,025,557	4,598,888,575	4,425,333,380
TOTAL LIABILITIES AND EQUITY		6,771,776,710	6,379,483,751	27,391,836,795	25,805,011,774

The accompanying notes on page 25 to 176 form an integral part of these interim financial statements.

ACLEDA Bank Plc. and its subsidiaries

SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

		For the three-month period ended			
	Note	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
Interest income	24	129,533,984	118,927,918	525,907,975	483,204,131
Interest expense	25	(35,743,423)	(34,879,543)	(145,118,297)	(141,715,583)
Net interest income		93,790,561	84,048,375	380,789,678	341,488,548
Fee and commission income	26	11,382,726	11,690,986	46,213,868	47,500,476
Fee and commission expense		(840,607)	(356,945)	(3,412,864)	(1,450,268)
Net fee and commission income		10,542,119	11,334,041	42,801,004	46,050,208
Allowances for impairment losses for loans and advances, deposits and placements with other banks and other receivables	35.1(f)	1,597,495	(1,890,068)	6,485,830	(7,679,346)
Allowances for impairment losses on off-balance sheet commitments		120,009	(20,266)	487,237	(82,341)
Net impairment losses		1,717,504	(1,910,334)	6,973,067	(7,761,687)
Net income after allowance for impairment		106,050,184	93,472,082	430,563,749	379,777,069
Other incomes	27	3,860,173	3,952,967	15,672,302	16,060,905
General and administrative expenses	28	(56,909,795)	(55,965,775)	(231,053,768)	(227,388,944)
Profit before income tax		53,000,562	41,459,274	215,182,283	168,449,030
Income tax expenses	29(b)	(10,267,973)	(8,285,650)	(41,687,970)	(33,664,596)
Profit for the period		42,732,589	33,173,624	173,494,313	134,784,434
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of employee benefit obligations		173,514	762,794	704,467	3,099,232
Currency translation differences		-	-	(643,593)	(351,199)
Other comprehensive income during the period		173,514	762,794	60,874	2,748,033
Total comprehensive income for the period		42,906,103	33,936,418	173,555,187	137,532,467

The accompanying notes on page 25 to 176 form an integral part of these interim financial statements.

SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
As at 1 January 2021	433,163,019	1,752,144,412	11,706,215	47,351,640	510,741,556	2,079,357,810	138,414,769	546,479,526	1,094,025,559	4,425,333,388
Profit for the period	-	-	-	-	-	-	42,732,589	173,494,313	42,732,589	173,494,313
Other comprehensive income:										
Remeasurement of employee benefit obligations	-	-	-	-	-	-	173,514	704,467	173,514	704,467
Currency translation difference	-	-	-	-	-	(643,593)	-	-	-	(643,593)
Total comprehensive income for the period	-	-	-	-	-	(643,593)	42,906,103	174,198,780	42,906,103	173,555,187
Transaction with owners:										
Transfer from retained earnings to general reserves	-	-	-	-	55,327,925	224,631,376	(55,327,925)	(224,631,376)	-	-
Transfer from retained earnings to regulatory reserves	-	-	-	-	11,721,232	47,588,202	(11,721,232)	(47,588,202)	-	-
Total transactions with owners:	-	-	-	-	67,049,157	272,219,578	(67,049,157)	(272,219,578)	-	-
As at 31 March 2021	433,163,019	1,752,144,412	11,706,215	47,351,640	577,790,713	2,350,933,795	114,271,715	448,458,728	1,136,931,662	4,598,888,575

ACLEDA Bank Plc. and its subsidiaries

SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Share capital		Share premium		Reserves		Retained earnings		Total equity	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
As at 1 January 2020	428,818,154	1,747,433,979	-	-	425,709,612	1,752,368,656	117,750,767	462,232,389	972,278,533	3,962,035,024
Profit for the period (Unaudited)	-	-	-	-	-	-	33,173,624	134,784,434	33,173,624	134,784,434
Other comprehensive income: (Unaudited)										
Remeasurement of employee benefit obligations	-	-	-	-	-	-	762,794	3,099,232	762,794	3,099,232
Currency translation difference	-	-	-	-	-	(351,199)	-	-	-	(351,199)
Total comprehensive income for the period(Unaudited)	-	-	-	-	-	(351,199)	33,936,418	137,883,666	33,936,418	137,532,467
Transaction with owners: (Unaudited)										
Dividend paid	-	-	-	-	-	-	(32,718,825)	(132,380,366)	(32,718,825)	(132,380,366)
Transfer from retained earnings to general reserves	-	-	-	-	82,612,360	336,314,918	(82,612,360)	(336,314,918)	-	-
Transfer from retained earnings to regulatory reserves	-	-	-	-	2,419,582	9,847,699	(2,419,582)	(9,847,699)	-	-
Currency translation difference	-	(2,144,091)	-	-	-	(2,913,799)	-	-	-	(5,057,890)
Total transactions with owners: (Unaudited)	-	(2,144,091)	-	-	85,031,942	343,248,818	(117,750,767)	(478,542,983)	(32,718,825)	(137,438,256)
As at 31 March 2020 (Unaudited)	428,818,154	1,745,289,888	-	-	510,741,554	2,095,266,275	33,936,418	121,573,072	973,496,126	3,962,129,235

The accompanying notes on page 25 to 176 form an integral part of these interim financial statements.

ACLEDA Bank Plc. and its subsidiaries

SEPARATE INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

		For the three-month period ended			
	Note	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
Cash flows from operating activities					
Profit for the period		53,000,562	41,459,274	215,182,283	168,449,030
Adjustments for:					
Depreciation charge	12	4,500,091	4,737,700	18,270,369	19,249,275
Amortisation charge	13	925,125	719,203	3,756,008	2,922,122
Depreciation charge on right-of-use assets	14	2,465,911	2,414,034	10,011,599	9,808,220
Adjustments of property and equipment		20,845	(26,662)	84,631	(108,328)
Adjustments of intangible assets		(16,322)	270,931	(66,267)	1,100,793
Allowances for impairment losses	8	(1,717,504)	1,910,334	(6,973,067)	7,761,687
Retirement benefits	22(a)	384,328	1,442,152	1,560,372	5,859,464
Seniority indemnity benefits	22(c)	1,963,428	2,092,472	7,971,518	8,501,714
Income tax expense		-	-	-	-
Career development		355,890	339,720	1,444,913	1,380,282
Net interest income		(93,790,561)	(84,048,375)	(380,789,678)	(341,488,548)
Gains on disposals of property and equipment, and intangible assets		439,531	(18,942)	1,784,496	(76,961)
Unrealised exchange gains		(346,260)	(134,075)	(1,405,816)	(544,747)
Operating loss before changes in working capital		(31,814,936)	(28,842,234)	(129,168,639)	(117,185,997)
Changes in:					
Loans and advances		(259,921,129)	(101,140,725)	(1,055,279,784)	(410,934,766)
Deposits and placements with other banks		(85,354,719)	20,104,078	(346,540,159)	81,682,869
Statutory deposits		57,293,395	(4,620,481)	232,611,184	(18,773,014)
Other assets		(1,570,063)	(895,335)	(6,374,456)	(3,637,746)
Deposits from customers		276,725,826	(50,009,223)	1,123,506,854	(203,187,473)
Deposits and placements of other banks and financial institutions		75,957,641	18,888,268	308,388,022	76,743,033
Other liabilities		23,989,528	21,991,843	97,397,484	89,352,858
Cash flow generated from/(used in)		55,305,543	(124,523,809)	224,540,506	(505,940,236)
Interest received		129,792,174	118,812,024	526,956,226	482,733,254
Interest paid		(35,766,577)	(35,865,850)	(145,212,303)	(145,722,949)
Income tax paid	29(a)	(26,798,342)	(29,947,427)	(108,801,269)	(121,676,396)
Retirement benefits paid	22(a)	(98,292)	(25,392)	(399,066)	(103,168)
Career development paid	22(b)	(2,090)	(2,083,111)	(8,485)	(8,463,680)
Seniority benefits paid	22(c)	(49,095)	(10,144)	(199,326)	(41,215)
Net cash from/(used in) operating activities		122,383,321	(73,643,709)	496,876,283	(299,214,390)

SEPARATE INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

		For the three-month period ended			
		31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)
	Note	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
Cash flows from investing activities					
Financial investments		448,936	(5,147,374)	1,822,680	(20,913,781)
Purchases of property and equipment	12	(4,907,570)	(2,575,392)	(19,924,734)	(10,463,818)
Purchases of intangible assets	13	(183,462)	(77,140)	(744,856)	(313,420)
Proceeds from disposals of property and equipment		71,351	19,739	289,685	80,200
Net cash used in investing activities		(4,570,745)	(7,780,167)	(18,557,225)	(31,610,819)
Cash flows from financing activities					
Payments of dividends		-	(32,718,825)	-	(132,936,586)
Repayments of borrowings		(51,429,852)	(29,810,265)	(208,805,199)	(121,119,107)
Proceeds from borrowings		40,000,000	-	162,400,000	-
Proceeds from subordinated debt		-	22,481,491	-	91,342,298
Payment of lease liabilities	21	(2,784,883)	(2,589,761)	(11,306,625)	(10,522,199)
Net cash used in financing activities		(14,214,735)	(42,637,360)	(57,711,824)	(173,235,594)
Net increase/(decrease)in cash and cash equivalents		103,597,841	(124,061,236)	420,607,234	(504,060,803)
Cash and cash equivalents at the beginning of the period	31	1,457,697,939	1,459,613,448	5,896,388,163	5,947,924,801
Currency translation difference		-	-	(1,553,967)	(8,166,495)
Cash and cash equivalents at the end of the period	31	1,561,295,780	1,335,552,212	6,315,441,430	5,435,697,503

The accompanying notes on page 25 to 176 form an integral part of these interim financial statements.

1. Background information

Prior to 1 December 2003, ACLEDA Bank Plc. ("the Bank") was a public limited company formed under the Laws of the Kingdom of Cambodia to operate as a specialised bank with a Head Office located in Phnom Penh and 14 branches in the Kingdom of Cambodia. On 1 December 2003, the NBC issued a license for the Bank to become a private commercial bank for a period of three years commencing 1 December 2003. The Bank's license was renewed for an indefinite period on 28 November 2006. On 25 May 2020, the Bank was successfully listed on the Cambodia Securities Exchange ("CSX").

The registered office of the Bank is located at No 61, Preah Monivong Boulevard, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The Bank operates under the supervision of the NBC with special focus on providing lending and other financial services to the citizenry and small and medium-sized enterprises and to engage in all other activities which the Board of Directors believes support these objectives.

The principal activities of the subsidiaries are disclosed in Note 11 to the interim financial statements.

As at 31 March 2021, the Group and the Bank have 13,714 employees (2020: 13,704 employees). The Bank has 262 branches covering all provinces and cities in the Kingdom of Cambodia, 38 branches in the Lao PDR, and 17 branches in the Republic of the Union of Myanmar..

2. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation and presentation

The interim financial statements of the Group and the Bank have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). The consolidated interim financial statements have been prepared on a historical cost basis except for items which are not prepared the under historical cost basis such as:

- Financial instruments at amortised cost;
- Financial instruments which are valued at fair value;
- Defined benefit asset or obligation; and
- Provisions measured at its best estimate of the expenditure required to settle the present obligation, with discounting if the effect of time value of money is.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation and presentation (continued)

The preparation of interim financial statements in conformity with CIFRSs requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise judgment in the process of applying the Group's and the Bank's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the interim financial statements are disclosed in Note 3.

The financial statements are presented in accordance with Cambodian Accounting Standards 34, Interim Financial Statements.

b) Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group and the Bank have not early adopted these in preparing these interim financial statements.

The following amended standards are not expected to have a significant impact on the Group's and the Bank's interim financial statements, except for CIFRS17: Insurance Contracts, is not applicable.

- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to CIAS 37).*
- *COVID-19-Related Rent Concessions (Amendment to CIFRS 16).*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to CIAS 16).*
- *Reference to Conceptual Framework (Amendments to CIFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to CIAS 1).*
- *CIFRS 16: on Interest Rate Benchmark Reform*

(c) Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Bank has control. The Bank controls an entity when the Bank is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity.

The consolidated interim financial statements include the interim financial statements of the Bank and all its subsidiaries made up to the end of the financial period.

Subsidiaries are consolidated from the date on which control is transferred to the Bank and deconsolidated from the date that control ceases.

2. Summary of significant accounting policies (continued)

(c) Consolidation (continued)

All material transactions and balances between each of the Group's entities are eliminated and the consolidated interim financial statements reflect external transactions only. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss in control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

(iii) Disposal of subsidiaries

When the Bank ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for retained interest as an associate, joint venture or financial assets. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Bank had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Investments in subsidiaries

In the Bank's separate interim financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of investments are recognised in the statement of profit or loss.

The amounts due from subsidiaries of which the Bank does not expect repayment in foreseeable future are considered as part of the Bank's investments in subsidiaries.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the interim financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The interim financial statements are presented in United States Dollars ("US$"), which is the Group's and the Bank's functional and presentation currency.

2. Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances

Transactions in currencies other than US$ are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than US$ are recognised in the statement of profit or loss.

(iii) Group's companies

The results and interim financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Bank's presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of reporting period;

b) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions); and

c) all resulting exchange differences are recognised as separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences are reclassified to the statement of profit or loss as part of gain or loss on sale.

(e) Financial assets and financial liabilities

(i). Recognition and initial measurement

The Group and the Bank initially recognise loans and advances, deposits and placements with other banks, borrowings and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group and the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

(ii). Classification

On initial recognition, a financial asset is classified as: amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii). Classification (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payment for principal and interest' ("SPPI").

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group and the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI").
This election is made on an investment-by-investment basis.

All other financial assets are classified as FVTPL.

In addition, on initial recognition, the Group and the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group and the Bank make an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
  In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's and the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii). Classification (continued)

Business model assessment (continued)

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's and the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group and the Bank consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group and the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group and the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Group and the Bank holds a portfolio of long-term fixed-rate loans for which the Group and the Bank have the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision in which the Group and the Bank has an option to either accept the revised rate or redeem the loan at par without penalty. The Group and the Bank have determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii). Classification (continued)

Non-recourse loans

In some cases, loans made by the Group and the Bank that are secured by collateral of the borrower limit the Group and the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Group and the Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group and the Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group and the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group and the Bank will benefit from any upside from the underlying assets.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group and the Bank change its business model for managing financial assets.

Financial liabilities

The Group and the Bank classify its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(iii). Derecognition

Financial assets

The Group and the Bank derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (iv)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities, as explained in statement of profit or loss and other comprehensive income. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group and the Bank are recognised as a separate asset or liability.

Financial liabilities

The Group and the Bank derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv). Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Group and the Bank evaluate whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(iv). Modifications of financial assets and financial liabilities (continued)

Financial assets (continued)

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group and the Bank plan to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group and the Bank first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognise the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method (see (Note 2(q))).

Financial liabilities

The Group and the Bank derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(v). Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Bank currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under CIFRSs, or for gains and losses arising from a group of similar transactions such as in the Group and the Bank's trading activity.

(vi). Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group and the Bank have access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group and the Bank recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii). Impairment

The Group and the Bank recognise loss allowances for the expected credit loss ("ECL") on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Group and the Bank measure loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group and the Bank consider a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group and the Bank do not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group and the Bank expect to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group and the Bank if the commitment is drawn down and the cash flows that the Group and the Bank expect to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group and the Bank expect to recover.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD").

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Measurement of ECL (continued)

PD provides an estimate of the likelihood that a customer will be unable to meet its debt obligation or default over a particular time horizon. Financial assets under the general approach, which required staging will require both 12-month PD and lifetime PD estimation according to historical data using the migration approach or external credit rating approach.

LGD is the magnitude of the likely loss if there is a default. LGD is defined as the percentage of exposure the Group and the Bank might lose in case the customer defaults. These losses are usually shown as a percentage of EAD, and depend, amongst others, on the type and amount of collateral as well as the type of customer and the expected recovery from the customers.

With accurate collateral value, which is updated from time to time, the Group and the Bank can consider to take collateral into LGD calculation for ECL computation. In the event of over-collateralised, a floor LGD shall be applied for ECL calculation.

EAD is simply the amount outstanding at the point of default. However, EAD is different following the natures of products:

- Amortised facilities: the current amount allowed under the contract and arising from amortisation
- Revolving facilities: utilisation rate
- Off-balance sheet: credit conversion factors

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group and the Bank measure ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group and the Bank consider a longer period. The maximum contractual period extends to the date at which the Group and the Bank have the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for credit card facilities that include both a loan and an undrawn commitment component, the Group and the Bank measure ECL over a period longer than the maximum contractual period if the Group's and the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group and the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group and the Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group and the Bank become aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group and the Bank expect to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see (iv)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group and the Bank assess whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group and the Bank on terms that the Group and the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group and the Bank present a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group and the Bank determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and the Bank’s procedures for recovery of amounts due.

Non-integral financial guarantee contracts

The Group and the Bank asses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group and the Bank consider when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower’s group.

2. Summary of significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Presentation of allowance for ECL in the statement of financial position (continued)

Non-integral financial guarantee contracts (continued)

If the Group and the Bank determine that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group and the Bank consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group and the Bank determine that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in 'other assets'. The Group and the Bank present gains or losses on a compensation right in profit or loss in the line item 'impairment losses on financial instruments'.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and deposit placements with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(g) Loans and advances

The 'Loans and advances' caption in the statement of financial position includes loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

(h) Financial investments

The 'financial securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

2. Summary of significant accounting policies (continued)

(h) Financial investments (continued)

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group and the Bank elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(i) Share capital

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(j) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the statements of profit or loss during the financial period in which they are incurred.

2. Summary of significant accounting policies (continued)

(j) Property and equipment (continued)

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Land is not depreciated. Other property and equipment are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

	Years
Land improvement	3 - 20
Building and improvement	3 - 20
Leasehold improvements*	3 - 5
Office equipment	3 - 7
Computer equipment	3 - 7
Motor vehicles	3 - 8

** Leasehold improvements are depreciated over the improvements' useful life of 3 to 5 years or when shorter, the term of the relevant lease.*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on assets under construction commences when the assets are ready for their intended use.

Property and equipment are reviewed for indication of impairment at each statements of financial position date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in other income.

(k) Intangible asset

Intangible assets include acquired computer software licenses and related costs. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group and the Bank.

Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised using the straight-line method based on estimated useful lives over the life of the assets. Useful life of computer software are five years except for license of core banking system which has useful lives of ten years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized. Costs associated with maintaining computer software are recognised as expenses when incurred.

2. Summary of significant accounting policies (continued)

(l) Impairment of non-financial assets

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in the statement of profit or loss.

(m) Reserves

Reserves comprise of general reserves, regulatory reserves and other reserves.

The general reserves are set up for any overall financial risk. The Board of Directors exercises its discretion for the use and maintenance of the general reserves. The transfer from retained earnings to general reserves is subject to the approval of Board of Directors of each entity within the Group.

Regulatory reserves are set up for the variance of provision between impairment in accordance with CIFRSs and regulatory provision. It is transferred between retained earnings and regulatory reserves.

Other reserves are for currency translation difference of the net investment in foreign operations.

(n) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Bank operate and generate taxable income and includes all taxes based upon the taxable profits.

2. Summary of significant accounting policies (continued)

(n) Current and deferred income tax (continued)

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the interim financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses or unused tax credits can be utilised.

(o) Employee benefits

(i) Short-term employee benefits

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, bonuses, and other short-term benefits are recognised as an expense in the period in which the associated services are rendered by employees of the Group and the Bank.

(ii) Post-employment benefits

The Group and the Bank have various post-employment benefit schemes. These benefit plans are below.

Seniority benefits

In accordance with Prakas No. 443 MoLVT dated 21 September 2018 and Notification Letter No. 042 MoLVT dated 22 March 2019 issued by the Ministry of Labour and Vocational Training (“MoLVT”), the Bank and its subsidiaries, except for ACLEDA Bank Lao Ltd. and ACLEDA MFI Myanmar Co., Ltd, are required seniority indemnity to its employees as follows:

- Current Seniority Indemnity: Employees who have worked from 1 month to 6 months (not including probation period) by June 30, or December 31, will receive seniority indemnity equal to 7.5 days.

- Back Pay Seniority Indemnity: Employees who have worked under permanent contract from 1 month to 6 months in fiscal year will receive payment of seniority indemnity equal to 3 days, in case over 3 months will receive seniority indemnity equal to 15 days. The maximum seniority to be paid shall not exceed 6 days of the average base salary of each year that shall be compensated from 2008 to 2018 but shall not exceed 156 days. The payment will be made from December 2021.

2. Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

(ii) Post-employment benefits (continued)

Seniority benefits (continued)

The liability was recognised at the present value of defined obligation at the reporting period using the projected unit credit method to better estimate the ultimate cost to the Group and the Bank of the benefit that employees have earned in return for their service in the periods from 2008 to 2018. The Group and the Bank attributes benefit to periods in which the obligation to provide back pay seniority indemnity. That obligation arises as employees render services in return for back pay seniority indemnity that the Group and the Bank expects to pay in future reporting periods.

The present value of the back pay seniority indemnity is determined by discounting the estimated future payments by reference to the Bank's sixty-months fixed deposit interest rate.

Retirement benefits

The Bank and its subsidiaries, except ACLEDA MFI Myanmar Co., Ltd, provide an unfunded retirement benefit plan, which is a defined benefit plan for eligible employees, upon reaching the retirement age, as follows:

- When employees, who have worked for the Group or the Bank for 15 years or more, reach a retirement age of 58 years and 60 years for unskilled and skilled respectively, are entitled to the retirement benefits equivalent to 12 months of last salary; or

- When employees, who have worked for the Group or the Bank for 15 years or more, reach the early retirement age of 55 years and 57 years for unskilled and skilled respectively, are entitled to the retirement benefits equivalent to 6 months of last salary.

No separate fund is maintained and interest contributed for the retirement benefits.

The liability is recognised in the statement of financial position at the present value of defined obligation at the reporting period using the projected unit credit method to estimate the ultimate cost to the Group and the Bank of the benefit that employees have earned in return for their service in the current and prior periods. The Group and the Bank attributes benefit to periods in which the obligation to provide retirement benefit arises. That obligation arises as employees render services in return for retirement benefits that the Group and the Bank expect to pay in future reporting periods.

The present value of the retirement benefit obligations is determined by discounting the estimated future payments by reference to the Bank's six years fixed deposit interest rate, as there is no deep high-quality corporate bond market nor government bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income and directly in the retained earnings in the period in which they arise. The cost associated with providing these benefits is recognised in other comprehensive income so as to spread the cost over the period of employment in which the entitlement to the benefit is earned. Past-service costs are recognised immediately in the statement of profit or loss.

2. Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

(ii) Post-employment benefits (continued)

Career development benefits

The Bank provides career development benefits to employees as they reach management position as below.

Management position level	Benefits
Level 6	US$1,250
Level 7	US$2,500
Level 8	US$3,375 to US$3,750
Level 9	US$5,000
Level 10	US$6,250

They are eligible to receive membership unless they have been working since their date of appointment in a management position for two years continuously and their performance evaluation has been high (i.e. evaluation score equal to or higher than 700 and no warning letter). They will automatically be entitled to membership on the first day of their third year.

The liability is recognised in the statement of financial position at the present value of benefits obligation at the end of each reporting period using the projected unit credit method. The present value is determined by discounting the estimated future payments by reference to three years fixed deposit interest rate, as the period of benefit entitlement is three years.

(p) Provisions

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of obligation can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provisions due to the passage of time is recognised as interest expense.

2. Summary of significant accounting policies (continued)

(q) Interest

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group and the Bank estimate future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit- impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

2. Summary of significant accounting policies (continued)

(q) Interest (continued)

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest expense presented in the statement of profit or loss and OCI includes:

- financial liabilities measured at amortised cost; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

(r) Fee and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's and the Bank's financial statements may be partially in the scope of CIFRS 9 and partially in the scope of CIFRS 15. If this is the case, then the Group and the Bank first apply CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then apply CIFRS 15 to the residual.

2. Summary of significant accounting policies (continued)

(s) Recognition of fee and other income

(i) Dividends

Dividends are recognised when the right to receive payment is established. Usually, this is the ex-dividend date for quoted equity securities.

The dividends on equity instruments designated as FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

(ii) Training and consultancy services

The Group and the Bank recognise service revenue when it is probable that economic benefits will flow to the Group and the Bank and the amount of revenue can be reliably measured. Revenue from training services and consultancy services are recognised when services are delivered.

(t) Leases

At inception of a contract, the Group and the Bank assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group and the Bank allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group and the Bank recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Group and the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2. Summary of significant accounting policies (continued)

(t) Leases (continued)

As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Bank's incremental borrowing rate. Generally, the Group and the Bank use its incremental borrowing rate as the discount rate.

At the date of initial adoption, the Group and the Bank's used its long term fixed deposit interest rate to discount future lease payments, as there is no deep high-quality corporate bond market nor government bonds.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and the Bank are reasonably certain to exercise, lease payments in an optional renewal period if the Group and the Bank are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and the Bank are reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Group and the Bank change its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment, or a lease contract is modified and the lease modification is not accounted for as a separate lease.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and the Bank present right-of-use assets and lease liabilities separately in the statement of financial position.

2. Summary of significant accounting policies (continued)

(t) Leases (continued)

As a lessee (continued)

Short-term leases and leases of low-value assets

A lease that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease.

A lease of an underlying asset does not qualify as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically not of low value. For example, leases of cars would not qualify as leases of low-value assets because a new car would typically not be of low value.

The Group and the Bank have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group and the Bank recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(u) Contingent assets and contingent liabilities

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and the Bank. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's and the Bank's interim financial statements.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group and the Bank; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the interim financial statements but are disclosed unless the probability of settlement is remote.

(v) Events after the reporting period

The Group and the Bank identify events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the interim financial statements are authorised for issue. The interim financial statements of the Group and the Bank are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the interim financial statements when material.

3. Critical accounting estimates and judgements in applying accounting policies

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are outlined below:

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the interim financial statements is included in the following notes.

- Note 2(e)(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- Note 35.1(f): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

Functional currency

Based on the economic substance of underlying circumstances relevant to the Bank, Management determines the functional currency of the Bank to be the USD. The USD is the currency of the primary economic environment in which the Bank operates and it is the currency that mainly influences the loans to customers and interest income.

Leases

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfilment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

(b) Assumptions and estimation uncertainties

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Bank and/or the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

3. Critical accounting estimates and judgements in applying accounting policies (continued)

(b) Assumptions and estimation uncertainties (continued)

- Note 35.1(f): impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Note 35.4: determination of the fair value of financial instruments with significant unobservable inputs.
- Note 22(a)(iv): measurement of defined benefit obligations: key actuarial assumptions.
- Note 32: recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 2(e)(vii): impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

Coronavirus and impact on ECL

The ECL was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus (Covid-19) outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity. The impact on Gross Domestic Product ("GDP") and other key indicators will be considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL. Management estimates that the additional ECL of US$4.86 million recorded as at 31 March 2021 resulting from the overlay has been determined based on possible forward-looking scenarios, considering the facts, circumstances and forecast of the future economic conditions and supportable information that is available as at the reporting date.

The calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of COVID-19 on the Group and the Bank, however, this estimate may move materially as events unfold. Consequently, this number should not be seen as firm guidance or a forecast as to the final financial impacts expected. In the event the impacts are more severe or prolonged than anticipated in the scenarios, this will have a corresponding impact on the ECL, the financial position and performance of the Group and the Bank.

Retirement benefits

The present value of the retirement benefit obligation depends on a number of factors that are determined by Management using a number of assumptions such as salary growth rates, turnover rates and mortality rates. The assumptions used in determining the net cost for retirement benefits include discount rate.
Any changes in these assumptions will impact the value of retirement benefit obligation.

In the absence of a bond market and government bonds, the Management used their six-year fixed deposit interest rate as a discount rate to determine the present value of the estimated future cash outflows expected to be required to settle the retirement benefit obligation.

3. Critical accounting estimates and judgements in applying accounting policies (continued)

(b) Assumptions and estimation uncertainties (continued)

Taxes

Taxes are calculated on the basic of current interpretation of the tax regulations enacted as at reporting date. The Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basic of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate determination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.

4. Translation of United States Dollars into Khmer Riel

The interim financial statements are expressed in US$. The translations of US$ amounts into Khmer Riel ("KHR") are included solely for compliance with the Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR using the average rate for the period. Exchange differences arising from the translation are recognised as "Currency Translation Difference" in the other comprehensive income.

The Group and the Bank have used the exchange rates:

			Closing rate	Average rate
31 March 2021	US$1	=	KHR4,045	KHR4,060
31 March 2020	US$1	=	KHR4,070	KHR4,063
31 December 2020	US$1	=	KHR4,045	KHR4,077

These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

5. Cash on hand

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
By currency:								
In US$	399,726,699	284,892,098	1,616,894,497	1,152,388,536	397,795,572	283,028,828	1,609,083,089	1,144,851,609
In KHR	121,735,685	103,488,247	492,420,846	418,609,959	121,724,764	103,480,325	492,376,670	418,577,915
In Thai Baht	13,376,866	12,247,160	54,109,423	49,539,762	11,408,134	9,927,044	46,145,902	40,154,893
In Euro	2,929,362	2,967,502	11,849,269	12,003,546	2,928,621	2,965,106	11,846,272	11,993,854
In other currencies	12,289,940	9,164,044	49,712,808	37,068,558	2,028,811	1,414,823	8,206,541	5,722,959
	550,058,552	412,759,051	2,224,986,843	1,669,610,361	535,885,902	400,816,126	2,167,658,474	1,621,301,230

6. Deposits and placements with other banks

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Balances with local banks:								
The National Bank of Cambodia	333,600,085	264,197,563	1,349,412,344	1,068,679,142	333,600,085	264,197,563	1,349,412,344	1,068,679,142
Other banks	156,655,738	3,318,751	633,672,461	13,424,348	156,655,738	3,318,751	633,672,461	13,424,348
	490,255,823	267,516,314	1,983,084,805	1,082,103,490	490,255,823	267,516,314	1,983,084,805	1,082,103,490
Balances with overseas banks:								
Bank of Laos	21,576,018	19,771,444	87,274,993	79,975,491	-	-	-	-
Other banks	122,110,718	247,947,832	493,937,854	1,002,948,980	119,412,888	240,254,636	483,025,132	971,830,003
	143,686,736	267,719,276	581,212,847	1,082,924,471	119,412,888	240,254,636	483,025,132	971,830,003
	633,942,559	535,235,590	2,564,297,652	2,165,027,961	609,668,711	507,770,950	2,466,109,937	2,053,933,493
Allowance for impairment losses	(710,005)	(582,444)	(2,871,971)	(2,355,985)	(549,917)	(141,543)	(2,224,415)	(572,542)
	633,232,554	534,653,146	2,561,425,681	2,162,671,976	609,118,794	507,629,407	2,463,885,522	2,053,360,951

6. Deposits and placements with other banks (continued)

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Current	633,232,554	534,653,146	2,561,425,681	2,162,671,976	609,118,794	507,629,407	2,463,885,522	2,053,360,951
Non-current	-	-	-	-	-	-	-	-
	633,232,554	534,653,146	2,561,425,681	2,162,671,976	609,118,794	507,629,407	2,463,885,522	2,053,360,951

a) By account types

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Balances with local banks:								
Current accounts	395,772,500	264,481,054	1,600,899,763	1,069,825,863	395,772,500	264,481,054	1,600,899,763	1,069,825,863
Fixed deposits	94,483,323	3,035,260	382,185,042	12,277,627	94,483,323	3,035,260	382,185,042	12,277,627
	490,255,823	267,516,314	1,983,084,805	1,082,103,490	490,255,823	267,516,314	1,983,084,805	1,082,103,490
Balances with overseas banks:								
Current accounts	143,686,736	266,101,453	581,212,847	1,076,380,377	118,910,273	239,751,958	480,992,054	969,796,670
Fixed deposits	-	1,617,823	-	6,544,094	502,615	502,678	2,033,078	2,033,333
	143,686,736	267,719,276	581,212,847	1,082,924,471	119,412,888	240,254,636	483,025,132	971,830,003
	633,942,559	535,235,590	2,564,297,652	2,165,027,961	609,668,711	507,770,950	2,466,109,937	2,053,933,493
Allowance for impairment loss	(710,005)	(582,444)	(2,871,971)	(2,355,985)	(549,917)	(141,543)	(2,224,415)	(572,542)
	633,232,554	534,653,146	2,561,425,681	2,162,671,976	609,118,794	507,629,407	2,463,885,522	2,053,360,951

6. Deposits and placements with other banks (continued)

b) By interest rate (per annum)

	The Group		The Bank	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Current accounts	Nil	Nil	Nil	Nil
Savings accounts	0.00% - 0.50%	0.20% - 0.50%	Nil	Nil
Fixed deposits	0.14% - 7.50%	0.12% - 7.50%	0.14% - 4.75%	0.12% - 3.30%

7. Financial investments

	Note	The Group				The Bank			
		31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Unlisted equity securities at FVOCI –									
Credit Bureau Holding (Cambodia) Ltd	(a)	153,529	153,529	621,025	621,025	153,529	153,529	621,025	621,025
Unquoted financial investments at amortised cost –									
Negotiable Certificate of Deposit with NBC	(b)	448,654,825	566,520,994	1,814,808,767	2,291,577,421	448,654,825	566,520,994	1,814,808,767	2,291,577,421
		448,808,354	566,674,523	1,815,429,792	2,292,198,446	448,808,354	566,674,523	1,815,429,792	2,292,198,446

(a) This represents the Bank's equity investment in Credit Bureau Holding (Cambodia) Ltd. ("CBC"), directly at 5% and indirectly at 1% through the Association of Banks in Cambodia ("ABC").

(b) The Bank has pledged negotiable certificate of deposit ("NCD") amounting to US$13,925,935 (31 December 2020: US$14,374,871) with the NBC as collateral for settlement clearing facility. The other NCD amounting to US$434,728,890 (31 December 2020: US$552,146,123) with NBC is for the purpose of earning interest. The terms of the NCD are for a period of less than or equal to six months. As at 31 March 2021 and 31 December 2020, the Bank had yet to utilise the overdraft on settlement clearing facility.

8. Loans and advances, net

The Group

	31 March 2021			31 December 2020			31 March 2021			31 December 2020		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	US$	US$	US$	US$	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	KHR'000 (Note 4)	KHR'000 (Note 4)	KHR'000 (Note 4)	KHR'000 (Note 4)
Small Loan	2,287,985,351	19,788,676	2,268,196,675	2,211,197,272	17,353,773	2,193,843,499	9,254,900,745	80,045,194	9,174,855,551	8,944,292,965	70,196,012	8,874,096,953
Staff Housing Loan	24,696,578	11,447	24,685,131	25,239,763	17,009	25,222,754	99,897,658	46,303	99,851,355	102,094,841	68,801	102,026,040
Public Housing Loan	133,092,696	1,033,201	132,059,495	135,555,361	1,032,605	134,522,756	538,359,955	4,179,298	534,180,657	548,321,435	4,176,887	544,144,548
Staff Loan	125,292,527	109,235	125,183,292	221,923,761	225,841	221,697,920	506,808,272	441,856	506,366,416	897,681,613	913,527	896,768,086
Overdraft Loan	175,112,496	464,396	174,648,100	58,036,302	352,950	57,683,352	708,330,046	1,878,482	706,451,564	234,756,842	1,427,683	233,329,159
Home Improvement Loan	42,252,644	548,283	41,704,361	47,780,295	334,644	47,445,651	170,911,945	2,217,805	168,694,140	193,271,293	1,353,635	191,917,658
Personal & Others Loan	176,720,430	1,227,110	175,493,320	158,300,284	1,061,972	157,238,312	714,834,139	4,963,659	709,870,480	640,324,649	4,295,676	636,028,973
Credit Card Loan	29,023,337	722,363	28,300,974	25,641,962	667,345	24,974,617	117,399,398	2,921,958	114,477,440	103,721,736	2,699,411	101,022,325
Trade Loan	7,919,660	5,973	7,913,687	9,632,656	21,578	9,611,078	32,035,025	24,161	32,010,864	38,964,094	87,283	38,876,811
Revolving Loan	39,386,693	25,584	39,361,109	33,296,272	23,512	33,272,760	159,319,173	103,487	159,215,686	134,683,420	95,106	134,588,314
Medium Loan	1,725,699,762	14,102,171	1,711,597,591	1,580,039,237	14,251,318	1,565,787,919	6,980,455,537	57,043,282	6,923,412,255	6,391,258,714	57,646,581	6,333,612,133
	4,767,182,174	38,038,439	4,729,143,735	4,506,643,165	35,342,547	4,471,300,618	19,283,251,893	153,865,485	19,129,386,408	18,229,371,602	142,960,602	18,086,411,000

ACLEDA Bank Plc. and its subsidiaries

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

8. Loans and advances, net (continued)

	The Bank											
	31 March 2021			31 December 2020			31 March 2021			31 December 2020		
	Gross carrying amount US$	ECL allowance US$	Carrying amount US$	Gross carrying amount US$	ECL allowance US$	Carrying amount US$	Gross carrying amount KHR'000 (Note 4)	ECL allowance KHR'000 (Note 4)	Carrying amount KHR'000 (Note 4)	Gross carrying amount KHR'000 (Note 4)	ECL allowance KHR'000 (Note 4)	Carrying amount KHR'000 (Note 4)
Small Loan	2,129,121,422	11,157,905	2,117,963,517	2,048,936,412	13,343,552	2,035,592,860	8,612,296,152	45,133,726	8,567,162,426	8,287,947,787	53,974,668	8,233,973,119
Staff Housing Loan	24,568,637	11,306	24,557,331	25,108,879	16,907	25,091,972	99,380,137	45,733	99,334,404	101,565,416	68,389	101,497,027
Public Housing Loan	132,682,760	999,078	131,683,682	135,084,056	1,016,789	134,067,267	536,701,764	4,041,271	532,660,493	546,415,007	4,112,912	542,302,095
Staff Loan	117,394,126	86,723	117,307,403	214,389,121	209,906	214,179,215	474,859,240	350,795	474,508,445	867,203,994	849,070	866,354,924
Overdraft Loan	174,332,188	461,744	173,870,444	57,948,236	351,432	57,596,804	705,173,700	1,867,754	703,305,946	234,400,615	1,421,542	232,979,073
Home Improvement Loan	37,992,661	249,985	37,742,676	44,261,421	294,401	43,967,020	153,680,314	1,011,189	152,669,125	179,037,448	1,190,852	177,846,596
Personal & Others Loan	173,998,878	1,179,005	172,819,873	157,228,541	1,083,793	156,144,748	703,825,462	4,769,075	699,056,387	635,989,448	4,383,941	631,605,507
Credit Card Loan	29,023,337	722,363	28,300,974	25,641,962	667,345	24,974,617	117,399,398	2,921,958	114,477,440	103,721,736	2,699,411	101,022,325
Trade Loan	7,919,660	5,973	7,913,687	9,632,656	21,578	9,611,078	32,035,025	24,161	32,010,864	38,964,094	87,283	38,876,811
Revolving Loan	39,386,693	25,584	39,361,109	33,296,272	23,512	33,272,760	159,319,173	103,487	159,215,686	134,683,420	95,106	134,588,314
Medium Loan	1,717,345,444	14,027,808	1,703,317,636	1,572,330,992	14,180,174	1,558,150,818	6,946,662,321	56,742,484	6,889,919,837	6,360,078,861	57,358,804	6,302,720,057
	4,583,765,806	28,927,474	4,554,838,332	4,323,858,548	31,209,389	4,292,649,159	18,541,332,686	117,011,633	18,424,321,053	17,490,007,826	126,241,978	17,363,765,848

8. Loans and advances, net (continued)

(a) Loans and advances in gross amount by maturity

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Within one year	1,236,673,733	1,199,583,002	5,002,345,250	4,852,313,243	1,158,997,799	1,114,810,801	4,688,146,097	4,509,409,690
Later than one year but not later than three years	1,742,412,138	1,669,992,109	7,048,057,098	6,755,118,081	1,678,115,953	1,607,487,035	6,787,979,030	6,502,285,057
Later than three years but not later than five years	1,155,229,606	1,074,597,753	4,672,903,756	4,346,747,911	1,126,399,966	1,049,075,704	4,556,287,862	4,243,511,223
Later than five years	632,866,697	562,470,301	2,559,945,789	2,275,192,367	620,252,088	552,485,008	2,508,919,697	2,234,801,856
	4,767,182,174	4,506,643,165	19,283,251,893	18,229,371,602	4,583,765,806	4,323,858,548	18,541,332,686	17,490,007,826

8. Loans and advances, net (continued)

During the period, the Group and the Bank recognised the allowance for impairment losses as follows:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
Allowance for/(reversal of) impairments on:								
Loans and advances	3,683,966	2,757,892	14,956,902	11,205,315	(2,005,441)	1,872,362	(8,142,090)	7,607,407
Deposit and placement with other banks	133,798	(359,254)	543,220	(1,459,649)	408,108	18,880	1,656,918	76,709
Other receivables	(802)	(1,150)	(3,256)	(4,672)	(162)	(1,174)	(658)	(4,770)
	3,816,962	2,397,488	15,496,866	9,740,994	(1,597,495)	1,890,068	(6,485,830)	7,679,346
Off-balance sheet commitments	(123,219)	13,009	(500,269)	52,856	(120,009)	20,266	(487,237)	82,341
	3,693,743	2,410,497	14,996,597	9,793,850	(1,717,504)	1,910,334	(6,973,067)	7,761,687

Movements of impairment losses during the period were as follows:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US$	(Unaudited) US$	KHR'000 (Note 4)	(Unaudited) KHR'000 (Note 4)	US$	(Unaudited) US$	KHR'000 (Note 4)	(Unaudited) KHR'000 (Note 4)
At the beginning of the period	35,342,547	33,235,576	142,960,602	135,268,794	31,209,389	32,189,579	126,241,978	131,011,587
ECL on off-balance sheet commitment	-	(13,009)	-	(52,856)	-	(20,266)	-	(82,341)
Allowance for impairment loss during the period	3,683,966	2,770,901	14,956,902	11,258,171	(2,005,441)	1,892,628	(8,142,090)	7,689,748
Written off during the period	(463,223)	(1,480,914)	(1,880,685)	(6,016,954)	(13,871)	(1,096,207)	(56,316)	(4,453,889)
Currency translation difference	(524,851)	(36,713)	(2,130,895)	(149,165)	(262,603)	(59,223)	(1,066,168)	(240,623)
Exchange differences	-	-	(40,439)	8,682	-		34,229	5,017
At the end of the period	38,038,439	34,475,841	153,865,485	140,316,672	28,927,474	32,906,511	117,011,633	133,929,499

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

9. Other assets

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Prepayments and advances	15,354,379	12,866,459	62,108,463	52,044,827	12,763,653	10,782,460	51,628,976	43,615,051
Stationery supplies	2,680,963	2,423,780	10,844,495	9,804,190	2,489,863	2,248,392	10,071,496	9,094,746
Receivable from Western Union	3,301,963	3,755,064	13,356,440	15,189,234	3,259,671	3,666,021	13,185,369	14,829,055
Income tax receivable	1,991,142	1,960,918	8,054,169	7,931,913	1,930,393	1,901,964	7,808,440	7,693,444
Others	1,229,637	1,760,692	4,973,883	7,121,999	1,124,565	1,657,273	4,548,867	6,703,669
	24,558,084	22,766,913	99,337,450	92,092,163	21,568,145	20,256,110	87,243,148	81,935,965

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Current	18,203,995	17,170,584	73,635,160	69,455,012	15,860,787	15,353,807	64,156,885	62,106,149
Non-current	6,354,089	5,596,329	25,702,290	22,637,151	5,707,358	4,902,303	23,086,263	19,829,816
	24,558,084	22,766,913	99,337,450	92,092,163	21,568,145	20,256,110	87,243,148	81,935,965

10. Statutory deposits

		The Group				The Bank			
		31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
With the central bank	(a)	368,862,883	356,753,756	1,492,050,362	1,443,068,943	368,862,883	356,753,756	1,492,050,362	1,443,068,943
With other central bank	(b)	3,577,833	3,376,033	14,472,335	13,656,054	-	-	-	-
Other	(c)	247,219	247,219	1,000,000	1,000,000	-	-	-	-
		372,687,935	360,377,008	1,507,522,697	1,457,724,997	368,862,883	356,753,756	1,492,050,362	1,443,068,943

10. Statutory deposits (continued)

(a) With the Central Bank

(i) Reserve requirement

The reserve requirement represents the minimum reserve which is calculated at 8% for KHR and 12.50% for other currencies of the total amount of deposits from customers, non-residential banks and financial institution deposits, and non-residential borrowings. Pursuant to the NBC's Prakas No. B7-018-282 on the maintenance of reserve requirement against commercial banks' deposits and borrowings, reserve requirements both in KHR and in other currencies bear no interest effect from 29 August 2018.

On 18 March 2020, NBC issued a press release announcing the reduction of the Reserve Requirement Rate ("RRR") on KHR from 8% to 7%. For foreign currencies, the RRR is reduced from 12.50% to 7%. in order to mitigate the impact of the COVID-19 pandemic on Cambodia's economy.

The reserve requirement amounting to USD325,540,173 and USD313,437,454 as at 31 March 2021 and 31 December 2020 respectively.

(ii) Capital guarantee

Pursuant to the NBC's Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001; the banks are required to maintain 10% of its registered capital as a statutory deposit with the NBC. The deposit, which is not available for use in the Bank's day-to-day operations, is refundable should the Bank voluntarily cease its operations in Cambodia. As at 31 March 2021 and 31 December 2020, capital guarantee deposit amounted to USD 43,316,302 and USD 43,316,302, respectively. The Interest rate on capital guarantee is given ¼ of SIBOR on 6 month basis.

(b) With other central bank

These are the statutory deposits of ACLEDA Bank Lao Ltd. maintained with the Bank of Lao ("BOL") in compliance with BOL's regulations. These statutory deposits comprise of reserve requirement calculated at 4% of customers' deposits in local currency and 8% of foreign currency deposits and capital guarantee of the share capital. These statutory deposits do not bear interest.

(c) Others

In compliance with Securities and Exchange Commission of Cambodia ("SECC")'s Prakas No. 009 on the licensing of securities firms and securities representatives, ACLEDA Securities Plc. is required to place a security deposit into SECC's bank account maintained with the National Bank of Cambodia amounting to KHR1,000,000,000 (equivalent to US$247,709) for operating as a securities broker in the Kingdom of Cambodia.

11. Investments in subsidiaries

		The Bank			
		31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Unquoted ordinary shares, at cost					
ACLEDA Bank Lao Ltd.	(a)	49,389,566	49,389,566	199,780,794	199,780,794
ACLEDA Securities Plc.	(b)	2,010,000	2,010,000	8,130,450	8,130,450
ACLEDA Institute of Business	(c)	19,805,000	19,805,000	80,111,225	80,111,225
ACLEDA MFI Myanmar Co., Ltd.	(d)	19,911,005	19,911,005	80,540,016	80,540,016
Total investments in subsidiaries		91,115,571	91,115,571	368,562,485	368,562,485

(a) ACLEDA Bank Lao Ltd.

ACLEDA Bank Lao Ltd. (“ABL”) was established in Lao PDR on 13 December 2007 under a preliminary license from the Bank of Lao PDR (“BOL”). The Bank owned 99.90% of ABL’s shares.

ABL obtained approval from the BOL for the capital injection on the 1st of Year 2020 amounting to Kip40,000,000,000 (Forty billion Kip) (equivalent to US$4,451,864), resulting in an increase in ABL's registered capital from Kip300,000,000,000 (Three Hundred billion Kip) (equivalent to US$ 36,409,467) to be Kip340,000,000,000 (Three Hundred and Forty billion Kip) (equivalent to US$40,861,331) through a conversion of the retained earnings with approval from the BOL on 6 May 2020.

ABL’s principal business is providing banking and related financial services in Lao PDR.

(b) ACLEDA Securities Plc.

On 1 March 2010, ACLEDA Securities Plc. (“ACS”) was established in the Kingdom of Cambodia and registered with the MoC under the Registration No. Co.0448KH/2010. On 20 October 2010, the SECC granted a brokerage license to ACS. The registered share capital of ACS is US$2,010,000, divided into 2,010,000 shares with par value of US$1 each. ACS is wholly owned by the Bank.

ACS’ principal business is providing securities brokerage and other services approved by SECC.

(c) ACLEDA Institute of Business

ACLEDA Institute of Business (“AIB”) (previously known as ACLEDA Training Center Ltd.) was established in the Kingdom of Cambodia under a primary license from MoC under the Registration No. Co.1332KH/2011 dated 8 June 2011. The registered share capital of AIB is US$17,805,000, divided into 17,805,000 shares with par value of US$1 each. AIB is wholly owned by the Bank. In 2018, AIB increased its share capital by US$2,000,000 to US$19,805,000. The revised Memorandum and Articles of Association was endorsed by the MoC on 14 December 2018.

11. Investments in subsidiaries (continued)

(c) ACLEDA Institute of Business (continued)

AIB is recognised as the establishment of a private higher education institution under the sub-decree No. 13 ANKr. BK dated 25 January 2016 from the Royal Government of Cambodia ("RGC"). AIB provides training and education for Associate's degree, Bachelor's degree, and Master's degree of Business Administration, majoring in Banking and Finance. AIB can open branches, new colleges, new departments, new specialties, new levels or classes, new types of education and training, change to a new name and location by sending relevant documents to request for approval from the Ministry of Education, Youth and Sport.

On 10 February 2021, NBC approved, on request of the Bank, an increase in capital of AIB as invested by ACLEDA Financial Trust ("AFT"), amounting to US$10,000,000 at rate of 23.3910% of total share as registered equal to 6,047,046 shares at the price of US$ 1.6537 per share through share investment agreement made on 26 February 2021 between the Bank AIB and AFT. Consequently, AIB share capital increased by US$25,852,046 and is 76.6090% owned by the Bank, which is equal to US$19,805,000.

(d) ACLEDA MFI Myanmar Co., Ltd.

ACLEDA MFI Myanmar Co., Ltd. ("AMM") was incorporated in the Republic of Union of Myanmar under the Republic of the Union of Myanmar Companies Law on 6 September 2012 to provide services per the Registration No. 143715094 and started its operations on 18 February 2013. The financial year of the statutory financial statements of AMM is from 1 October to 30 September.

AMM is permitted to operate as a deposit-taking microfinance institution providing microfinance services to lower income segments of the Myanmar market and other activities allowed by the Microfinance Supervisory Authority at 45 townships in Yangon Region, 28 townships in Bago Region, 3 townships in Mon State and 25 townships in Magway Region.

The Bank acquired 3,600,000 ordinary shares (45%) of AMM from KFW, COFIBRED S.A, and IFC for a consideration of US$6,193,321 as approved by the Board of Directors of AMM on 25 April 2018. The approval on the share transfers, appointment of representative of shareholders, and changing the board members are obtained on 27 September 2018 by secretary of Microfinance Business Supervisory Committee, The Republic of the Union of Myanmar Government.

On 23 September 2019, the Bank injected cash capital amounting to US$3,969,923.20, equivalent MYR6,099,390,000 and on 3 December 2019, injected additional cash capital of US$3,995,366.50 equivalent MYR6,039,396,000.

The Bank owns 99.99% of common stock MYR20,140,000,000 of AMM shares (2019: 99.99% of MYR8,000,000,000).

11. Investments in subsidiaries (continued)

(d) ACLEDA MFI Myanmar Co., Ltd. (continued)

At early of February 2021, the Tatmadaw, Myanmar's armed forces, declared a year-long state of emergency which led to several national protests and civil disobedience movements. These protests and movements caused temporary disruptions in the business operations across Myanmar, including the AMM.

To ensure business continuity, collections of loans and compliance with regulatory bodies are still in progress and at mid of March 2021, AMM operations resumed with restrictions in providing loans to customers. As at 31 March 2021, the current impacts of the state of emergency does not necessitate an impairment indicator on the Bank's investment in AMM, hence, no impairment loss was recognized.

(e) ACLEDA Bank Plc. (Representative Office)

On 7 April 2016, the Bank received the foreign bank representative office registration certificate FB/R.O-1/(04)2016 from the central bank of Myanmar and received certificate of incorporation as representative office from the Ministry of Planning and Finance in the Republic of the Union of Myanmar on 6 May 2016 with permit Nº 58FC/2016-2017 (YGN), the validity of certificate is until 5 May 2021.
The representation office is permit on the following activities:

a. Marketing, promotion, negotiation and documentation for business purposes for customers of the Bank;

b. Referring customer of the Bank to banks operating in Myanmar; and monitoring and supervising offshore loans granted by the Bank.

12. Property and equipment

As at 31 March 2021	Land US$	Land improvement US$	Building and improvement US$	Leasehold improvement US$	The Group Office equipment US$	Computer equipment US$	Motor vehicles US$	Capital in progress US$	Total US$
Cost									
As at 1 January 2021	14,542,280	1,751,934	98,806,360	5,205,253	64,975,706	76,117,715	19,101,249	5,364,857	285,865,354
Additions	-	-	20,538	333,644	566,719	1,412,163	945,866	1,648,185	4,927,115
Disposals/written off	-	-	(9,170)	(92,491)	(76,935)	(77,150)	(170,753)	-	(426,499)
Reclassifications	-	-	-	255,182	49,199	886	56,850	(362,117)	-
Currency translation difference	-	-	-	(27,449)	(47,675)	(148,486)	(23,488)	-	(247,098)
Adjustments	-	-	-	-	-	-	139	(21,054)	(20,915)
As at 31 March 2021	14,542,280	1,751,934	98,817,728	5,674,139	65,467,014	77,305,128	19,909,863	6,629,871	290,097,957
Less: **Accumulated depreciation**									
As at 1 January 2021	-	652,190	22,125,173	4,443,307	51,359,665	63,625,472	16,113,106	-	158,318,913
Charge for the period	-	47,463	1,134,237	110,215	1,562,954	1,878,351	348,886	-	5,082,106
Disposals	-	-	(4,999)	(91,330)	(75,812)	(77,013)	(170,753)	-	(419,907)
Currency translation difference	-	(10)	(4,318)	(22,834)	(43,998)	(97,956)	(20,445)	-	(189,561)
Adjustments	-	-	-	-	-	-	(70)	-	(70)
As at 31 March 2021	-	699,643	23,250,093	4,439,358	52,802,809	65,328,854	16,270,724	-	162,791,481
Carrying value	14,542,280	1,052,291	75,567,635	1,234,781	12,664,205	11,976,274	3,639,139	6,629,871	127,306,476
In KHR' 000 equivalent (Note 4)	58,823,523	4,256,517	305,671,084	4,994,689	51,226,709	48,444,028	14,720,317	26,817,828	514,954,695

As at 31 March 2021, the fully depreciated property and equipment with historical costs amounting to US$104,532,490 (31 December 2020: US$107,342,671) are still in active use.

12. Property and equipment (continued)

	The Group								
As at 31 March 2020	**Land US$**	**Land improvement US$**	**Building and improvement US$**	**Leasehold improvement US$**	**Office equipment US$**	**Computer equipment US$**	**Motor vehicles US$**	**Capital in progress US$**	**Total US$**
Cost (Unaudited)									
As at 1 January 2020	14,542,280	1,747,179	98,787,485	4,963,887	61,119,729	70,923,892	18,205,263	1,658,194	271,947,909
Additions	-	4,755	-	44,492	329,527	651,831	920,937	770,314	2,721,856
Disposals/written off	-	-	-	(16,414)	(40,550)	(175,120)	(28,056)	(8,566)	(268,706)
Reclassifications	-	-	-	18,490	67,911	19,140	54,000	(159,541)	-
Currency translation difference	-	-	-	5,213	2,176	(32,973)	(4,487)	-	(30,071)
Adjustments	-	-	-	-	-	-	-	17,972	17,972
As at 31 March 2020 (Unaudited)	14,542,280	1,751,934	98,787,485	5,015,668	61,478,793	71,386,770	19,147,657	2,278,373	274,388,960
Less: Accumulated depreciation (Unaudited)									
As at 1 January 2020	-	427,535	17,527,768	4,267,941	45,436,998	57,210,873	15,917,002	-	140,788,117
Charge for the period	-	58,062	1,147,498	93,720	1,690,201	2,009,467	284,012	-	5,282,960
Disposals/written off	-	-	-	(15,886)	(37,926)	(173,493)	(26,778)	-	(254,083)
Currency translation difference	-	(54)	(4,837)	53,067	71,003	81,168	40,743	-	241,090
Adjustments	-	-	-	-	-	-	-	-	-
As at 31 March 2020 (Unaudited)	-	485,543	18,670,429	4,398,842	47,160,276	59,128,015	16,214,979	-	146,058,084
Carrying value (Unaudited)	14,542,280	1,266,391	80,117,056	616,826	14,318,517	12,258,755	2,932,678	2,278,373	128,330,876
In KHR' 000 equivalent (Note 4) (Unaudited)	59,187,080	5,154,211	326,076,418	2,510,482	58,276,364	49,893,133	11,935,999	9,272,978	522,306,665

12. Property and equipment (continued)

	The Bank								
As at 31 March 2021	**Land US$**	**Land improvement US$**	**Building and improvement US$**	**Leasehold improvement US$**	**Office equipment US$**	**Computer equipment US$**	**Motor vehicles US$**	**Capital in progress US$**	**Total US$**
Cost									
As at 1 January 2021	2,328,344	282,726	76,893,201	4,318,106	62,173,246	68,253,157	17,800,870	5,243,338	237,292,988
Additions	-	-	20,538	332,705	555,346	1,408,759	881,943	1,708,279	4,907,570
Disposals/written off	-	-	(9,170)	(91,738)	(75,507)	(76,348)	(169,950)	-	(422,713)
Reclassifications	-	-	-	255,182	49,199	886	56,850	(362,117)	-
Adjustments	-	-	-	-	-	-	139	(21,054)	(20,915)
As at 31 March 2021	2,328,344	282,726	76,904,569	4,814,255	62,702,284	69,586,454	18,569,852	6,568,446	241,756,930
Less: Accumulated depreciation									
As at 1 January 2021	-	147,452	20,535,380	3,752,707	49,188,383	57,959,551	14,873,093	-	146,456,566
Charge for the period	-	2,280	953,667	89,774	1,470,025	1,646,324	338,021	-	4,500,091
Disposals	-	-	(4,999)	(90,776)	(74,829)	(76,348)	(169,950)	-	(416,902)
Currency translation difference	-	(10)	(4,318)	(415)	(6,642)	(7,360)	(1,476)	-	(20,221)
Adjustments	-	-	-	-	-	-	(70)	-	(70)
As at 31 March 2021	-	149,722	21,479,730	3,751,290	50,576,937	59,522,167	15,039,618	-	150,519,464
Carrying value	2,328,344	133,004	55,424,839	1,062,965	12,125,347	10,064,287	3,530,234	6,568,446	91,237,466
In KHR' 000 equivalent (Note 4)	9,418,151	538,001	224,193,474	4,299,694	49,047,029	40,710,041	14,279,797	26,569,363	369,055,550

As at 31 March 2021, the fully depreciated property and equipment with historical costs amounting to US$101,905,115 (31 December 2020: US$99,652,456) are still in active use.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

12. Property and equipment (continued)

	The Bank								
As at 31 March 2020	**Land US$**	**Land improvement US$**	**Building and improvement US$**	**Leasehold improvement US$**	**Office equipment US$**	**Computer equipment US$**	**Motor vehicles US$**	**Capital in progress US$**	**Total US$**
Cost (Unaudited)									
As at 1 January 2020	2,328,344	282,726	76,874,326	4,075,689	58,357,695	63,010,144	16,796,997	1,597,366	223,323,287
Additions	-	-	-	31,076	275,108	593,368	910,305	765,535	2,575,392
Disposals/written off	-	-	-	(14,545)	(35,036)	(159,220)	(25,529)	-	(234,330)
Reclassifications	-	-	-	18,490	67,911	19,140	54,000	(159,541)	-
Adjustments	-	-	-	-	-	-	-	26,662	26,662
As at 31 March 2020 (Unaudited)	2,328,344	282,726	76,874,326	4,110,710	58,665,678	63,463,432	17,735,773	2,230,022	225,691,011
Less: Accumulated depreciation (Unaudited)									
As at 1 January 2020	-	108,392	16,672,292	3,565,265	43,454,637	52,041,450	14,569,907	-	130,411,943
Charge for the period	-	10,525	964,922	78,816	1,610,172	1,797,118	276,147	-	4,737,700
Disposals	-	-	-	(14,221)	(34,561)	(159,221)	(25,530)	-	(233,533)
Currency translation difference	-	(54)	(4,837)	(401)	(8,261)	(9,162)	(1,396)	-	(24,111)
As at 31 March 2020 (Unaudited)	-	118,863	17,632,377	3,629,459	45,021,987	53,670,185	14,819,128	-	134,891,999
Carrying value (Unaudited)	2,328,344	163,863	59,241,949	481,251	13,643,691	9,793,247	2,916,645	2,230,022	90,799,012
In KHR' 000 equivalent (Note 4) (Unaudited)	9,476,360	666,922	241,114,732	1,958,693	55,529,822	39,858,515	11,870,745	9,076,190	369,551,979

13. Intangible assets

	The Group			The Bank		
As at 31 March 2021	**Computer software US$**	**Work in progress US$**	**Total US$**	**Computer software US$**	**Work in progress US$**	**Total US$**
Cost						
As at 1 January 2021	39,269,078	1,832,905	41,101,983	35,837,920	1,741,123	37,579,043
Additions	629,702	168,929	798,631	13,411	170,051	183,462
Disposals	(965,000)	-	(965,000)	(965,000)	-	(965,000)
Reclassifications	68,817	(68,817)	-	68,817	(68,817)	-
Currency translation difference	(41,285)	-	(41,285)	-	-	-
Adjustments	-	12,209	12,209		12,209	12,209
As at 31 March 2021	38,961,312	1,945,226	40,906,538	34,955,148	1,854,566	36,809,714
Less: Accumulated amortisation						
As at 1 January 2021	26,411,308	-	26,411,308	23,694,485	-	23,694,485
Charge for the period	1,034,329	-	1,034,329	925,125	-	925,125
Disposals	(459,220)	-	(459,220)	(459,220)	-	(459,220)
Currency translation difference	(33,347)	-	(33,347)		-	-
Adjustments	(4,113)	-	(4,113)	(4,113)	-	(4,113)
As at 31 March 2021	26,948,957	-	26,948,957	24,156,277	-	24,156,277
Carrying value	12,012,355	1,945,226	13,957,581	10,798,871	1,854,566	12,653,437
In KHR' 000 equivalent (Note 4)	48,589,976	7,868,439	56,458,415	43,681,433	7,501,719	51,183,153

As at 31 March 2021, the fully amortised intangible assets with historical costs amounting to US$21,080,327 and US$15,716,255 (31 December 2020: US$14,290,466 and US$13,996,797, respectively) are still in active use by the Group and the Bank, respectively.

13. Intangible assets (continued)

	The Group			The Bank		
As at 31 March 2020	**Computer software US$**	**Work in progress US$**	**Total US$**	**Computer software US$**	**Work in progress US$**	**Total US$**
Cost (Unaudited)						
As at 1 January 2020	31,080,505	1,659,641	32,740,146	27,573,361	1,572,896	29,146,257
Additions	512	109,680	110,192	512	76,628	77,140
Currency translation difference	(24,858)	-	(24,858)			-
Adjustments	8,690	(270,931)	(262,241)	-	(270,931)	(270,931)
As at 31 March 2020 (Unaudited)	31,064,849	1,498,390	32,563,239	27,573,873	1,378,593	28,952,466
Less: **Accumulated amortisation (Unaudited)**						
As at 1 January 2020	23,741,153	-	23,741,153	21,230,895	-	21,230,895
Charge for the period	804,869	-	804,869	719,203		719,203
Currency translation difference	(21,809)	-	(21,809)	(3,606)		(3,606)
As at 31 March 2020 (Unaudited)	24,524,213	-	24,524,213	21,946,492	-	21,946,492
Carrying value (Unaudited)	6,540,636	1,498,390	8,039,026	5,627,381	1,378,593	7,005,974
In KHR' 000 equivalent (Note 4) (Unaudited)	26,620,389	6,098,447	32,718,836	22,903,441	5,610,873	28,514,314

14. Right-of-use assets

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Right-of-use assets	28,606,269	29,529,768	115,712,358	119,447,912	25,500,385	26,182,172	103,149,057	105,906,886

The Group and the Bank lease office building and cars for its operations. Information about leases for which the Group or the Bank is a lessee is presented below:

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
At the beginning of the period	29,529,768	32,573,823	119,447,912	132,738,329	26,182,172	28,847,850	105,906,886	117,554,989
Additions during the period	1,807,694	2,696,038	7,339,238	10,954,002	1,798,363	2,410,443	7,301,354	9,793,630
Depreciation for the period	(2,674,390)	(2,624,430)	(10,858,023)	(10,663,059)	(2,465,911)	(2,414,034)	(10,011,599)	(9,808,220)
Lease termination during the period	(25,925)	(15,991)	(105,256)	(64,971)	(25,925)	(15,991)	(105,256)	(64,971)
Exchange differences	(30,878)	38,937	(125,365)	158,201	11,686	22,818	47,445	92,710
Currency translation difference	-	-	13,852	(162,208)	-	-	10,227	(144,218)
At the end of the period	28,606,269	32,668,377	115,712,358	132,960,294	25,500,385	28,851,086	103,149,057	117,423,920

14. Right-of-use assets (continued)

Amounts recognised in the statement of profit or loss and other comprehensive income:

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
Depreciation expense	2,674,390	2,624,430	10,858,023	10,663,059	2,465,911	2,414,034	10,011,599	9,808,220
Interest on lease liabilities	480,799	543,880	1,952,045	2,209,784	431,644	483,522	1,752,475	1,964,549
	3,155,189	3,168,310	12,810,068	12,872,843	2,897,555	2,897,556	11,764,074	11,772,769

15. Deferred tax assets, net

	The Group				The Bank			
	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
Deferred tax assets	36,062,452	24,064,873	145,872,618	97,944,033	33,123,326	22,788,630	133,983,854	92,749,724
Deferred tax liabilities	(22,045,789)	(8,476,115)	(89,175,216)	(34,497,788)	(20,935,885)	(8,029,406)	(84,685,655)	(32,679,682)
	14,016,663	15,588,758	56,697,402	63,446,245	12,187,441	14,759,224	49,298,199	60,070,042

The movements in net deferred tax assets during the period were as follows:

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
At the beginning of the period	11,195,845	14,814,355	45,287,193	60,368,494	12,685,947	14,007,743	51,314,656	57,081,553
Charged/(credited) to profit or loss	2,664,076	774,403	10,816,149	3,146,399	(498,506)	751,481	(2,023,934)	3,053,267
Currency translation difference	156,742	-	636,373	-	-	-	-	-
Exchange differences	-	-	(42,313)	(68,648)	-	-	7,477	(64,778)
At the end of the period	14,016,663	15,588,758	56,697,402	63,446,245	12,187,441	14,759,224	49,298,199	60,070,042

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

15. Deferred tax assets, net (continued)

The components and movements of deferred tax assets and liabilities during the period were as follows:

Deferred tax assets of the Group:

	Unamortised loan fees US$	Unearned revenue US$	Provision for loan loss US$	Other provision US$	Staff bonus US$	Unrealised exchange loss US$	Accelerated depreciation US$	Lease US$	Others US$	Total US$
As at 31 March 2021										
As at 1 January 2021	7,560,663	50,295	9,426,856	7,335,254	261,434	814,286	1,602,584	317,209	4,955,890	32,324,548
Credited/(charged) to profit or loss	601,410	9,986	648,447	(1,105,446)	1,646,629	53,911	187,021	12,291	1,683,634	3,737,904
As at 31 March 2021	8,162,073	60,281	10,075,303	6,229,808	1,908,063	868,197	1,789,605	329,500	6,639,524	36,062,452
In KHR'000 equivalent (Note 4)	33,015,585	243,837	40,754,601	25,199,573	7,718,115	3,511,857	7,238,952	1,332,828	26,856,875	145,872,618
As at 31 March 2020										
As at 1 January 2020	7,518,581	26,231	8,126,375	6,646,409	416,745	609,664	-	-	(587,508)	22,756,497
Credited/(charged) to profit or loss	1,135,851	223,278	130,974	730,196	(349,069)	99,206	-	-	36,650	1,308,376
As at 31 March 2020 (Unaudited)	7,955,722	249,509	8,257,349	7,376,605	67,676	708,870	-	-	(550,858)	24,064,873
In KHR'000 equivalent (Note 4) (Unaudited)	32,379,789	1,015,502	33,607,410	30,022,782	275,441	2,885,101	-	-	(2,241,992)	97,944,033

Deferred tax assets of the Bank:

	Unamortised loan fees US$	Provision for loan loss US$	Other provision US$	Staff bonus US$	Unrealised exchange loss US$	Accelerated depreciation US$	Lease US$	Others US$	Total US$
As at 31 March 2021									
As at 1 January 2021	7,560,663	9,426,856	7,220,243	261,434	814,286	1,600,742	270,169	3,861,270	31,015,663
Credited/(charged) to profit or loss	601,410	648,447	(1,111,797)	1,646,629	53,802	186,816	9,017	73,339	2,107,663
As at 31 March 2021	8,162,073	10,075,303	6,108,446	1,908,063	868,088	1,787,558	279,186	3,934,609	33,123,326
In KHR'000 equivalent (Note 4)	33,015,585	40,754,601	24,708,664	7,718,115	3,511,416	7,230,672	1,129,307	15,915,494	133,983,854
As at 31 March 2020									
As at 1 January 2020	6,641,624	7,866,254	6,646,409	416,745	609,664	-	-	(587,508)	21,593,188
Credited/(charged) to profit or loss	473,984	297,833	730,196	(349,069)	99,206	-	-	(56,708)	1,195,442
As at 31 March 2020 (Unaudited)	7,115,608	8,164,087	7,376,605	67,676	708,870	-	-	(644,216)	22,788,630
In KHR'000 equivalent (Note 4) (Unaudited)	28,960,525	33,227,834	30,022,782	275,441	2,885,101	-	-	(2,621,959)	92,749,724

15. Deferred tax assets, net (continued)

Deferred tax liabilities of the Group:

	Accelerated depreciation US$	Unrealised exchange US$	Others US$	Total US$
As at 31 March 2021				
As at 1 January 2021	-	640,179	13,246,940	13,887,119
Credited to profit or loss	301,198	(640,179)	8,497,651	8,158,670
As at 31 March 2021	301,198	-	21,744,591	22,045,789
In KHR'000 equivalent (Note 4)	1,218,346	-	87,956,871	89,175,216
As at 31 March 2020				
As at 1 January 2020	(543,243)	-	8,484,598	7,942,142
Credited to profit or loss	(211,377)	-	706,638	533,973
As at 31 March 2020 (Unaudited)	(754,620)	-	9,191,236	8,476,115
In KHR'000 equivalent (Note 4) (Unaudited)	(3,071,303)	-	37,408,331	34,497,788

Deferred tax liabilities of the Bank:

	Accelerated depreciation US$	Unrealised exchange US$	Others US$	Total US$
As at 31 March 2021				
As at 1 January 2021	-	639,392	12,891,030	13,530,422
Charged to profit or loss	-	(639,392)	8,044,855	7,405,463
As at 31 March 2021	-	-	20,935,885	20,935,885
In KHR'000 equivalent (Note 4)	-	-	84,685,655	84,685,655
As at 31 March 2020				
As at 1 January 2020	(543,243)	-	8,128,688	7,585,445
Credited to profit or loss	(211,377)	-	655,338	443,961
As at 31 March 2020 (Unaudited)	(754,620)	-	8,784,026	8,029,406
In KHR'000 equivalent (Note 4) (Unaudited)	(3,071,303)	-	35,885,772	32,679,682

16. Deposits and placements of other banks and financial institutions

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Current accounts	120,488,533	106,606,626	487,376,116	431,223,802	124,673,522	108,155,568	504,304,396	437,489,273
Savings deposits	47,927,185	47,551,861	193,865,463	192,347,278	46,709,835	46,816,912	188,941,283	189,374,409
Fixed deposits	223,358,711	162,850,972	903,485,986	658,732,182	201,338,838	141,792,074	814,415,600	573,548,939
	391,774,429	317,009,459	1,584,727,565	1,282,303,262	372,722,195	296,764,554	1,507,661,279	1,200,412,621

The deposits and placements of other banks and financial institutions are analysed as follows:

a) By maturity

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Within six months	211,964,017	195,717,857	857,394,449	791,678,732	198,200,119	183,717,176	801,719,482	743,135,977
Later than six months but not later than one year	79,678,928	30,105,199	322,301,264	121,775,530	74,497,169	21,860,975	301,341,049	88,427,644
Later than one year but not later than three years	10,542,119	5,648,815	42,642,871	22,849,457	10,435,542	5,648,815	42,211,767	22,849,457
Later than three years	89,589,365	85,537,588	362,388,981	345,999,543	89,589,365	85,537,588	362,388,981	345,999,543
	391,774,429	317,009,459	1,584,727,565	1,282,303,262	372,722,195	296,764,554	1,507,661,279	1,200,412,621

16. Deposits and placements of other banks and financial institutions (continued)

The deposits and placements of other banks and financial institutions are analysed as follows: (continued)

b) By relationship

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Related parties	83,406	72,774	337,377	294,371	4,422,667	1,670,695	17,889,688	6,757,961
Non-related parties	391,691,023	316,936,685	1,584,390,188	1,282,008,891	368,299,528	295,093,859	1,489,771,591	1,193,654,660
	391,774,429	317,009,459	1,584,727,565	1,282,303,262	372,722,195	296,764,554	1,507,661,279	1,200,412,621

c) By interest (per annum)

	The Group		The Bank	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Current accounts	0.00% - 0.20%	Nil	0.00% - 0.20%	Nil
Savings deposits	0.00% - 1.90%	0.00% - 1.90%	0.00% - 0.50%	0.00% - 0.50%
Fixed deposits	1.00% - 7.95%	1.00% - 7.95%	1.00% - 7.95%	1.00% - 7.95%

17. Deposits from customers

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Current accounts	660,099,570	525,179,976	2,670,102,761	2,124,353,003	654,665,772	515,353,012	2,648,123,048	2,084,602,934
Savings deposits	1,865,042,489	1,866,624,777	7,544,096,868	7,550,497,223	1,827,534,993	1,824,684,515	7,392,379,047	7,380,848,863
Margin deposits	11,652,079	13,134,176	47,132,659	53,127,742	11,652,079	13,134,176	47,132,659	53,127,741
Fixed deposits	2,026,865,309	1,889,347,119	8,198,670,175	7,642,409,096	1,963,141,719	1,827,097,034	7,940,908,253	7,390,607,503
	4,563,659,447	4,294,286,048	18,460,002,463	17,370,387,064	4,456,994,563	4,180,268,737	18,028,543,007	16,909,187,041

The deposits from customers are analysed as follows:

a) By maturity

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Within six months	3,239,211,556	3,120,269,849	13,102,610,744	12,621,491,539	3,177,479,318	3,048,458,637	12,852,903,840	12,331,015,187
Later than six months but not later than one year	730,147,958	618,538,572	2,953,448,490	2,501,988,524	711,534,189	601,304,341	2,878,155,795	2,432,276,059
Later than one year but not later than three years	436,216,448	405,355,305	1,764,495,532	1,639,662,209	418,737,637	387,858,729	1,693,793,742	1,568,888,559
Later than three years	158,083,485	150,122,322	639,447,697	607,244,792	149,243,419	142,647,030	603,689,630	577,007,236
	4,563,659,447	4,294,286,048	18,460,002,463	17,370,387,064	4,456,994,563	4,180,268,737	18,028,543,007	16,909,187,041

17. Deposits from customers (continued)

The deposits from customers are analysed as follows: (continued)

b) By relationship

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Related parties	8,107,349	18,251,604	32,794,227	73,827,738	17,835,812	19,478,074	72,145,860	78,788,809
Non-related parties	4,555,552,098	4,276,034,444	18,427,208,236	17,296,559,326	4,439,158,751	4,160,790,663	17,956,397,147	16,830,398,232
	4,563,659,447	4,294,286,048	18,460,002,463	17,370,387,064	4,456,994,563	4,180,268,737	18,028,543,007	16,909,187,041

c) By interest rate

	The Group		The Bank	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Current accounts	0.00% - 0.20%	Nil	0.00% - 0.20%	Nil
Margin deposits	Nil	Nil	Nil	Nil
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 0.50%	0.00% - 0.50%
Fixed deposits	0.50% - 11.65%	0.50% - 12.00%	0.50% - 8.25%	0.50% - 8.25%

18. Other liabilities

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Accrued annual leave	20,349,432	20,063,310	82,313,452	81,156,089	19,936,417	19,626,620	80,642,807	79,389,678
Accrued bonuses	10,772,398	11,046,280	43,574,350	44,682,203	9,613,601	10,454,999	38,887,016	42,290,471
Fund transfers	39,426,340	16,060,460	159,479,545	64,964,561	39,401,065	16,026,656	159,377,308	64,827,824
Tax payables	1,494,374	1,563,901	6,044,743	6,325,980	1,422,975	1,478,413	5,755,934	5,980,181
Others	16,450,000	15,017,157	66,540,250	60,744,399	16,266,303	14,822,194	65,797,195	59,955,774
	88,492,544	63,751,108	357,952,340	257,873,232	86,640,361	62,408,882	350,460,260	252,443,928

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Current	78,329,836	44,050,514	316,844,187	178,184,329	76,898,548	42,782,263	311,054,626	173,054,254
Non-current	10,162,708	19,700,594	41,108,153	79,688,903	9,741,813	19,626,619	39,405,634	79,389,674
	88,492,544	63,751,108	357,952,340	257,873,232	86,640,361	62,408,882	350,460,260	252,443,928

19. Borrowings

The Group and the Bank have entered into borrowing agreements with various lenders. The repayments of principal and interest are made either on quarterly, semi-annual or annual basis based on the repayment schedule for each of the borrowing agreements. The Group and the Bank did not pledged any collaterals for borrowings.

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Unsecured:								
Current	118,615,295	124,629,071	479,798,868	504,124,592	94,962,573	104,886,698	384,123,608	424,266,693
Non-current	407,500,087	417,769,845	1,648,337,852	1,689,879,023	397,352,831	402,466,218	1,607,292,201	1,627,975,852
	526,115,382	542,398,916	2,128,136,720	2,194,003,615	492,315,404	507,352,916	1,991,415,809	2,052,242,545

The borrowings are analysed as follows:

a) By relationship

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	526,115,382	542,398,916	2,128,136,720	2,194,003,615	492,315,404	507,352,916	1,991,415,809	2,052,242,545
	526,115,382	542,398,916	2,128,136,720	2,194,003,615	492,315,404	507,352,916	1,991,415,809	2,052,242,545

b) By interest rate

	The Group		The Bank	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Annual interest rates	2.00% - 14.50%	2.00% - 14.50%	2.00% - 8.00%	2.00% - 8.00%

20. Subordinated debts

These are subordinated debts from non-related parties. The subordinated debts are approved by the National Bank of Cambodia to be included as a Tier II line item in the calculation of the Bank's net worth in accordance with the Prakas No. B7-010-182 of the National Bank of Cambodia. The Group and the Bank did not pledge any collaterals for subordinated debts.

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Current	14,199,315	11,408,413	57,436,229	46,147,031	14,199,315	11,408,413	57,436,229	46,147,031
Non-current	155,750,210	155,750,210	630,009,600	630,009,599	155,750,210	155,750,210	630,009,600	630,009,599
	169,949,525	167,158,623	687,445,829	676,156,630	169,949,525	167,158,623	687,445,829	676,156,630

The subordinated debts are analysed as follows:

a) By relationship

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	169,949,525	167,158,623	687,445,829	676,156,630	169,949,525	167,158,623	687,445,829	676,156,630
	169,949,525	167,158,623	687,445,829	676,156,630	169,949,525	167,158,623	687,445,829	676,156,630

b) By interest rate

	The Group		The Bank	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Annual interest rates	5.38% - 8.48%	5.38% - 8.48%	5.38% - 8.48%	5.38% - 8.48%

21. Lease liabilities

Analysis of the Group's lease liabilities follows:

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Undiscounted lease liabilities								
Less than one year	10,162,783	10,261,902	41,108,457	41,509,394	9,574,324	9,655,602	38,728,141	39,056,910
One to five years	18,944,257	20,581,294	76,629,520	83,251,334	17,615,358	18,888,896	71,254,123	76,405,584
More than five years	4,660,404	3,816,462	18,851,334	15,437,589	1,260,958	655,929	5,100,575	2,653,233
Total undiscounted lease liabilities	33,767,444	34,659,658	136,589,311	140,198,317	28,450,640	29,200,427	115,082,839	118,115,727
Present value of lease liabilities								
Current	9,855,722	10,309,865	39,866,395	41,703,404	9,285,658	9,711,879	37,560,487	39,284,551
Non-current	18,041,510	18,308,037	72,977,908	74,056,010	15,869,755	16,060,506	64,193,159	64,964,746
Total present value of lease liabilities	27,897,232	28,617,902	112,844,303	115,759,414	25,155,413	25,772,385	101,753,646	104,249,297

21. Lease liabilities (continued)

The Group and the Bank lease office building for its operations. Information about leases for which the Group or the Bank is a lessee is presented below:

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
At the beginning of the period	28,617,902	30,915,939	115,759,414	125,982,451	25,772,385	27,789,168	104,249,297	113,240,860
Additions during the period	1,771,508	2,775,736	7,192,322	11,277,815	1,763,549	2,410,455	7,160,009	9,793,678
Payment for the year	(2,919,251)	(2,782,941)	(11,852,159)	(11,307,089)	(2,784,883)	(2,594,149)	(11,306,625)	(10,540,027)
Lease termination during the period	(24,219)	(13,274)	(98,329)	(53,932)	(27,282)	(16,337)	(110,765)	(66,377)
Interest	480,799	543,880	1,952,045	2,209,784	431,644	483,522	1,752,475	1,964,549
Exchange differences	(29,507)	(77,401)	(119,798)	(314,480)	-	-	-	-
Currency translation difference	-	-	10,808	(935,504)	-	-	9,255	(136,961)
At the end of the period	27,897,232	31,361,939	112,844,303	126,859,045	25,155,413	28,072,659	101,753,646	114,255,722

Amounts recognised in the statement of cash flows follow:

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
Total cash outflow for leases payments	2,919,758	2,762,231	11,854,217	11,222,945	2,784,883	2,589,761	11,306,625	10,522,199

22. Employee benefits

		The Group				The Bank			
	Note	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Retirement benefits	(a)	11,159,797	11,010,471	45,141,379	44,537,355	10,605,814	10,498,190	42,900,517	42,465,178
Career development benefits	(b)	1,670,742	1,307,172	6,758,151	5,287,511	1,659,200	1,307,172	6,711,464	5,287,511
Seniority indemnity benefits	(c)	7,981,319	6,036,412	32,284,436	24,417,286	7,881,114	5,976,401	31,879,107	24,174,542
		20,811,858	18,354,055	84,183,966	74,242,152	20,146,128	17,781,763	81,491,088	71,927,231

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Current	9,652,061	7,343,584	39,042,587	29,704,797	9,540,314	7,283,573	38,590,570	29,462,053
Non-current	11,159,797	11,010,471	45,141,379	44,537,355	10,605,814	10,498,190	42,900,518	42,465,178
	20,811,858	18,354,055	84,183,966	74,242,152	20,146,128	17,781,763	81,491,088	71,927,231

(a) Retirement benefits

(i) The amounts recognised in the statement of financial position are determined as follows:

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Present value of defined benefit obligation	11,159,797	11,010,471	45,141,379	44,537,355	10,605,814	10,498,190	42,900,517	42,465,178
Fair value of plan assets	-	-	-	-	-	-	-	-
Net liability recognised in statement of financial position	11,159,797	11,010,471	45,141,379	44,537,355	10,605,814	10,498,190	42,900,517	42,465,178

22. Employee benefits (continued)

(a) Retirement benefits (continued)

(ii) The movements in the defined benefit obligation over the period were as follows:

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
At 1 January	11,010,471	9,723,367	44,537,355	39,622,721	10,498,190	9,143,295	42,465,178	37,258,926
Current service cost	221,542	793,592	899,461	3,224,364	198,818	764,709	807,201	3,107,013
Interest cost	197,157	694,990	800,457	2,823,744	189,966	654,864	771,262	2,660,712
Benefits paid	(98,292)	(25,392)	(399,066)	(103,168)	(98,292)	(25,392)	(399,066)	(103,168)
Settlement loss	(4,456)	22,579	(18,091)	91,739	(4,456)	22,579	(18,091)	91,739
Remeasurement gain arising during the period	(157,945)	(785,629)	(641,257)	(3,192,007)	(173,514)	(762,794)	(704,467)	(3,099,232)
Currency translation difference	(8,680)	(5,251)	(35,241)	(21,335)	(4,898)	(2,813)	(19,886)	(11,429)
Exchange differences	-	-	(2,239)	(43,756)	-	-	(1,614)	(41,159)
At 31 March	11,159,797	10,418,256	45,141,379	42,402,302	10,605,814	9,794,448	42,900,517	39,863,402

22. Employee benefits (continued)

(a) Retirement benefits (continued)

(iii) The amounts recognised in the statement of profit or loss are as follows:

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
Current service cost	221,542	793,592	899,461	3,224,364	198,818	764,709	807,201	3,107,013
Interest cost	197,157	694,990	800,457	2,823,744	189,966	654,864	771,262	2,660,712
Settlement loss	(4,456)	22,579	(18,091)	91,739	(4,456)	22,579	(18,091)	91,739
	414,243	1,511,161	1,681,827	6,139,847	384,328	1,442,152	1,560,372	5,859,464

22. Employee benefits (continued)

(a) Retirement benefits (continued)

(iv) The principal assumptions used to determine estimated costs and obligations are as follows:

	31 March 2021	31 December 2020
Salary growth rate	3.46%	3.46%
Inflation rate	1.20%	1.20%
Discount rates	7.25%	7.00%
Mortality rate (*) and staff turnover rate (**)		

(*) Mortality rate table is as follows:

Age	31 March 2021 Mortality rate (% per annum)		31 December 2020 Mortality rate (% per annum)	
	Females	Males	Females	Males
18-29	0 - 0.49	0 - 0.42	0 - 0.49	0 - 0.42
30-39	0 - 0.10	0 - 0.32	0 - 0.10	0 - 0.32
40-49	-	-	-	-
50-59	-	0 - 6.67	-	0 - 6.67
60	-	-	-	-

(**) Staff turnover rate table is as follows:

Age	31 March 2021 Staff turnover rate (% per annum)		31 December 2020 Staff turnover rate (% per annum)	
	Females	Males	Females	Males
18-29	2.3 - 9.10	4.29 - 9.24	2.3 - 9.10	4.29 - 9.24
30-39	1.68 - 4.68	2.74 - 5.76	1.68 - 4.68	2.74 - 5.76
40-49	0 - 6.67	0 - 4.38	0 - 6.67	0 - 4.38
50-59	-	0 - 8.33	-	0 - 8.33
60	-	-	-	-

22. Employee benefits (continued)

(a) Retirement benefits (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption		Impact on defined benefit obligation					
			Increase in assumption			Decrease in assumption		
	31 March 2021	31 December 2020		31 March 2021	31 December 2020		31 March 2021	31 December 2020
Salary growth rate	1.00%	1.00%	Increase by	20.60%	20.80%	Decrease by	16.55%	16.67%
Discount rate	1.00%	1.00%	Decrease by	16.49%	16.61%	Increase by	20.55%	20.75%
Inflation rate	1.00%	1.00%	Increase by	20.64%	20.84%	Decrease by	16.57%	16.69%
Mortality rate	0.10%	0.10%	Decrease by	1.89%	1.91%	Increase by	0.08%	0.09%
Staff turnover rate	1.00%	1.00%	Decrease by	12.53%	12.73%	Increase by	7.19%	7.39%

(b) Career development benefits

Movements in career development benefits were as follows:

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
At 1 January	1,307,172	2,083,726	5,287,511	8,491,183	1,307,172	2,083,726	5,287,511	8,491,183
Additions (Note 28)	367,426	339,720	1,491,750	1,380,282	355,890	339,720	1,444,913	1,380,282
Benefits paid	(2,090)	(2,083,111)	(8,485)	(8,463,680)	(2,090)	(2,083,111)	(8,485)	(8,463,680)
Currency translation difference	(1,766)	(1,956)	(7,170)	(7,947)	(1,772)	(1,956)	(7,194)	(7,947)
Exchange differences	-	-	(5,455)	(22,635)	-	-	(5,281)	(22,634)
At 31 March	1,670,742	338,379	6,758,151	1,377,203	1,659,200	338,379	6,711,464	1,377,204

22. Employee benefits (continued)

(c) Seniority indemnity benefits

Movements in Seniority indemnity benefits were as follows:

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
At 1 January	6,036,412	6,498,800	24,417,286	26,482,610	5,976,401	6,440,456	24,174,542	26,244,858
Additions (Note 28)	2,010,443	2,117,559	8,162,399	8,603,642	1,963,428	2,092,472	7,971,518	8,501,714
Benefits paid	(53,589)	(10,144)	(217,571)	(41,215)	(49,095)	(10,144)	(199,326)	(41,215)
Currency translation difference	(11,947)	(14,825)	(48,505)	(60,234)	(9,620)	(14,825)	(39,057)	(60,234)
Exchange differences	-	-	(29,173)	(17,846)	-	-	(28,570)	(17,730)
At 31 March	7,981,319	8,591,390	32,284,436	34,966,957	7,881,114	8,507,959	31,879,107	34,627,393

23. Share capital and share premium

As at 31 March 2021, the authorised share capital comprised 433,163,019 ordinary shares (2020: 433,163,019) at par value of US$1 each. All issued shares are fully paid by the following shareholders and their respective interest in the Bank are:

Share capital

	As at 31 March 2021			As at 31 December 2020		
	Number of shares	US$	% of shareholding	Number of shares	US$	% of shareholding
ACLEDA Financial Trust	111,492,719	111,492,719	25.7392%	111,492,719	111,492,719	25.7392%
ASA Plc.	107,204,547	107,204,547	24.7492%	107,204,547	107,204,547	24.7492%
SMBC	78,259,310	78,259,310	18.0669%	78,259,310	78,259,310	18.0669%
COFIBRED S.A	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
ORIX Corporation	52,530,223	52,530,223	12.1271%	52,530,223	52,530,223	12.1271%
Triodos Microfinance Fund	10,938,339	10,938,339	2.5252%	10,938,339	10,938,339	2.5252%
Triodos Fair Share Fund	9,354,157	9,354,157	2.1595%	9,354,157	9,354,157	2.1595%
Triodos Sustainable Finance Foundation	6,508,636	6,508,636	1.5026%	6,508,636	6,508,636	1.5026%
Other investors in CSX	4,344,865	4,344,865	1.0031%	4,344,865	4,344,865	1.0031%
	433,163,019	433,163,019	100%	433,163,019	433,163,019	100%
In KHR'000 equivalent (Note 4)		*1,752,144,412*			*1,752,144,412*	

Share premium

The share premium mainly represents the excess amount received by the Bank over the par value of its shares pursuant to the issuance of shares, net of transaction costs directly distributable to the issuance.

On 25 May 2020, the Bank was successfully listed on the CSX. The number of new issued shares are 4,344,865 shares with a par value of KHR4,000 (US$0.98) per share, at an offering price of KHR16,200 (US$3.97) per share. The Bank received the proceeds from the IPO amounting to US$17,082,105 and incurred IPO costs of US$1,031,025, resulting in share premium of US$11,706,215 (KHR47,726,239 thousand). On 23 November 2020, the shareholders approved the amendment to the Memorandum of Association ("MAA") relating capital increase from IPO. On 18 February 2021, the Bank submitted a request to the NBC for approval which the NBC approved on 29 March 2021. As at the date of the report, the MAA is still pending approval by the MOC and is expected to receive on early May 2021.

24. Interest income

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
Loans and advances:								
- Interest income	139,151,952	126,387,664	564,956,925	513,513,079	129,117,644	117,555,307	524,217,635	477,627,212
- Financial Investments	94,905	955,405	385,314	3,881,811	94,905	955,405	385,314	3,881,811
Deposits and placements with other banks:								
- Banks outside Cambodia	28,024	275,938	113,777	1,121,136	30,855	275,938	125,272	1,121,137
- Banks inside Cambodia	298,516	148,159	1,211,976	601,969	290,580	141,268	1,179,754	573,971
	139,573,397	127,767,166	566,667,992	519,117,995	129,533,984	118,927,918	525,907,975	483,204,131

25. Interest expense

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
Deposits and placements of other banks and financial institutions:								
Fixed deposits	2,377,257	1,962,997	9,651,663	7,975,657	2,062,018	1,721,881	8,371,793	6,996,003
Savings deposits	9,931	8,248	40,320	33,512	5,662	5,493	22,988	22,318
Current accounts	46	-	187	-	46	-	187	-
Deposits from customers:								
Fixed deposits	23,285,523	21,494,474	94,539,223	87,332,048	22,308,810	20,532,351	90,573,769	83,422,942
Savings deposits	1,621,397	1,493,584	6,582,872	6,068,432	1,348,150	1,179,829	5,473,489	4,793,645
Current accounts	13,064	14,111	53,040	57,333	13,064	14,111	53,040	57,333
Subordinated debts	2,885,173	2,610,342	11,713,802	10,605,820	2,885,173	2,610,342	11,713,801	10,605,820
Borrowings	7,556,819	9,598,849	30,680,685	39,000,123	6,688,856	8,332,014	27,156,755	33,852,973
Interest expenses on lease	480,799	543,880	1,952,045	2,209,784	431,644	483,522	1,752,475	1,964,549
	38,230,009	37,726,485	155,213,837	153,282,709	35,743,423	34,879,543	145,118,297	141,715,583

26. Fee and commission income

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)
	US$	US$	KHR'000	KHR'000	US$	US$	KHR'000	KHR'000
Commission fees	4,477,175	4,178,700	18,177,331	16,978,058	4,377,508	4,118,282	17,772,682	16,732,580
Commission fee collected for assurance agency	987,818	1,448,724	4,010,541	5,886,166	937,360	1,373,965	3,805,682	5,582,420
ATM Fee	1,899,424	1,657,640	7,711,661	6,734,991	1,876,698	1,637,109	7,619,394	6,651,574
Early loan redemption fees	1,881,478	1,754,598	7,638,801	7,128,932	1,396,139	1,453,129	5,668,324	5,904,063
Deposit fee charged	1,752,370	1,033,328	7,114,622	4,198,412	1,643,140	1,027,256	6,671,148	4,173,741
Fee income from guarantee	157,071	353,497	637,708	1,436,258	156,390	353,497	634,943	1,436,258
Training fees	283,179	363,726	1,149,707	1,477,819	6,408	6,411	26,016	26,048
Others	1,019,327	1,737,294	4,138,468	7,058,625	989,083	1,721,337	4,015,679	6,993,792
	12,457,842	12,527,507	50,578,839	50,899,261	11,382,726	11,690,986	46,213,868	47,500,476

There were settlement fees amounting to KHR950,900 (equivalent to US$235) and US$2,981 for operation of cash settlement agent.

27. Other income

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
Foreign exchange gain	2,643,725	2,829,468	10,733,524	11,496,128	2,638,692	2,830,404	10,713,090	11,499,931
Recovery from loans and advances written off	1,606,892	957,997	6,523,982	3,892,342	1,346,399	790,662	5,466,380	3,212,460
(Loss) / gain on disposals of property and equipment	(439,678)	18,039	(1,785,093)	73,292	(439,531)	18,942	(1,784,496)	76,961
Others	359,160	392,552	1,458,189	1,594,940	314,613	312,959	1,277,328	1,271,553
	4,170,099	4,198,056	16,930,602	17,056,702	3,860,173	3,952,967	15,672,302	16,060,905

28. General and administrative expenses

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
Salaries and wages	26,553,491	25,077,582	107,807,173	101,890,216	24,366,123	22,857,192	98,926,459	92,868,771
Other employee expense	12,620,466	12,444,666	51,239,092	50,562,677	12,168,940	11,890,816	49,405,896	48,312,385
Depreciation charges	5,082,107	5,282,960	20,633,354	21,464,666	4,500,091	4,737,700	18,270,369	19,249,275
Repairs and maintenance	3,100,732	2,861,915	12,588,972	11,627,961	2,948,777	2,736,489	11,972,035	11,118,355
Depreciation of right-of-use assets	2,674,390	2,624,430	10,858,023	10,663,059	2,465,911	2,414,034	10,011,599	9,808,220
Seniority indemnity	2,010,443	2,117,559	8,162,399	8,603,642	1,963,428	2,092,472	7,971,518	8,501,714
Office supplies	1,239,833	1,416,680	5,033,722	5,755,971	1,129,297	1,223,397	4,584,946	4,970,662
Utilities	1,197,222	1,259,263	4,860,721	5,116,386	1,122,982	1,158,120	4,559,307	4,705,442
Amortisation charges	1,034,329	804,869	4,199,376	3,270,183	925,125	719,203	3,756,008	2,922,122
Communication	997,370	1,098,873	4,049,322	4,464,721	767,406	871,952	3,115,668	3,542,741
Travelling expenses	469,151	617,040	1,904,753	2,507,034	413,237	515,292	1,677,742	2,093,631
Retirement benefits	414,243	1,511,161	1,681,827	6,139,847	384,328	1,442,152	1,560,372	5,859,464
Career development expense	367,426	339,720	1,491,750	1,380,282	355,890	339,720	1,444,913	1,380,282
License fees	272,427	293,332	1,106,054	1,191,808	265,684	282,660	1,078,677	1,148,448
Others	3,428,408	3,341,338	13,919,336	13,575,856	3,132,576	2,684,576	12,718,259	10,907,432
	61,462,038	61,091,388	249,535,874	248,214,309	56,909,795	55,965,775	231,053,768	227,388,944

There were salaries and wages expenses of ACLEDA Bank's staff who is responsible for operation of cash settlement agent amounting to US$8,970.

Above expenses include costs incurred for operation of cash settlement agent, consisting of office supplies amounting to US$59, furniture and fixtures amounting to US$141 and membership fees amounting to US$3,193 (KHR12,916,667).

29. Taxation

(a) Current income tax liabilities

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
At 1 January	30,292,370	30,294,329	122,532,637	124,121,660	27,950,334	29,175,560	113,059,101	118,890,407
Income tax expense	10,457,532	9,723,880	42,457,580	39,508,124	9,769,467	9,037,131	39,664,036	36,717,863
Income tax paid	(27,932,075)	(30,366,141)	(113,404,225)	(123,377,631)	(26,798,342)	(29,947,427)	(108,801,269)	(121,676,396)
Currency translation difference	-	(132,192)	-	(537,096)	-	-	-	-
Exchange difference	-	-	262,118	(969,162)	-	-	255,434	(292,250)
At 31 March	12,817,827	9,519,876	51,848,110	38,745,895	10,921,459	8,265,264	44,177,302	33,639,624

(b) Income tax expense

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
Current income tax	10,457,532	9,723,880	42,457,580	39,508,124	9,769,467	9,037,131	39,664,036	36,717,863
Deferred tax expense/(benefit)	(2,664,076)	(774,403)	(10,816,149)	(3,146,400)	498,506	(751,481)	2,023,934	(3,053,267)
	7,793,456	8,949,477	31,641,431	36,361,724	10,267,973	8,285,650	41,687,970	33,664,596

29. Taxation (continued)

c) Reconciliation between income tax expense and accounting profit

	The Group				The Bank			
	For the three–month period ended				For the three–month period ended			
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
		(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
Profit before income tax	51,894,894	42,534,598	210,693,270	172,818,072	53,000,562	41,459,274	215,182,283	168,449,030
Tax calculated at domestic tax rates applicable to profits in the respective countries	10,282,518	8,525,770	41,747,023	34,640,204	10,600,112	8,291,855	43,036,455	33,689,807
Effect of non-deductible expense	(2,489,062)	423,707	(10,105,592)	1,721,520	(332,139)	(6,205)	(1,348,485)	(25,211)
	7,793,456	8,949,477	31,641,431	36,361,724	10,267,973	8,285,650	41,687,970	33,664,596

29. Taxation (continued)

c) Reconciliation between income tax expense and accounting profit (continued)

Having been successfully listed on CSX, the Bank is entitled to a reduction at 50% on the tax on profit for a period of 3 years after listing (proportion based on percentage of listed shares taking 20.0001% as a base in accordance with the Prakas No. 183 on the implementation guidance on the incentive on tax on profit for the IPO enterprise) and waiver of other tax liabilities, including tax on profit and withholding taxes for the period from year N-3 to N-10, where N is the IPO year (“N-3 to N-10”), in accordance with the Sub-decree No. 01 of the Royal Government of Cambodia (“RGC”) dated 4 January 2019, and temporary postponement on the prepayment of profit tax for a period of 3 years after listing in accordance with Prakas No. 855 of the Ministry of Economy and Finance ("MEF") dated 24 July 2015. The Bank shall fulfil the forms and summit to GDT through the Securities and Exchange Commission of Cambodia (“SECC”) in order to be granted tax incentives.

On 28 May 2020, the Bank submitted a letter to the SECC requesting for their assistance in facilitating with the GDT for the written approval on tax incentive related to the waiver of the tax liabilities for the period from N-3 to N-10. Subsequently on 20 October 2020, the SECC submitted a letter to the GDT requesting for written approval for the said tax incentive for the period from N-3 to N-10. The actual amounts of tax liabilities to be waived will be determined by the GDT. As of the date of these interim financial statements, the Bank is awaiting written approval from the GDT.

On 27 October 2020, the Bank submitted a letter to the SECC requesting for their assistance in facilitating with the GDT for the written approval on temporary postponement on the prepayment of profit tax for the period of 3 years after listing. On 15 December 2020, GDT informed letter to SECC approved temporarily postponing on paying prepayment of profit tax for the Bank from November 2020 until the end of tax incentive period. On 08 January 2021, The Bank received letter approval from GDT on temporarily postponing on paying prepayment of profit tax for the Bank from November 2020 until the end of tax incentive period.

In addition, on 6 January 2021, the Bank submitted a letter to the SECC requesting for their assistance in facilitating with the GDT for the written approval on tax incentive following the Prakas No. 183 on the implementation guidance on the incentive on tax on Income for the IPO enterprise. On 19 February 2021, The Bank submitted a letter to GDT following sub degree No. 01 for the written approval on tax incentive on profit for the IPO enterprise. On 23 March 2021, The Bank received letter approval from GDT on tax incentive on income from 2020 to 2021 by practicing calculation follow to annex and Prakas No.183 on the implementation guidance on the incentive on tax on income for the IPO enterprise.

d) Other tax matters

The Bank’s and its subsidiaries’ tax returns are subject to periodic examination by the respective tax authorities. Some areas of tax laws and regulations may be open to different interpretation; therefore tax amounts reported in the interim financial statements could be changed at a later date, upon final determination by the respective tax authorities.

30. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of Bank by the weighted average numbers of ordinary shares in issue during the respective period.

	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
Profit attributable to shareholders	44,229,869	33,585,121	179,573,269	136,456,347
Weighted average numbers of shares	433,163,019	428,818,154	433,163,019	428,818,154
Basic earnings per share	0.10	0.08	0.41	0.32
Diluted earnings per share	0.10	0.08	0.41	0.32

Diluted earnings per share are calculated by adjusting the weighted average numbers of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Bank has no dilutive potential ordinary shares as at each of the period end. As such, the diluted earnings per share are equivalent to the basic earnings per share.

31. Cash and cash equivalents

	The Group				The Bank			
	For the three-month period ended				For the three-month period ended			
	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)	31 March 2021	31 March 2020 (Unaudited)
	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	US$	KHR'000 (Note 4)	KHR'000 (Note 4)
Cash on hand (Note 5)	550,058,552	427,901,695	2,224,986,843	1,741,559,899	535,885,902	416,496,226	2,167,658,474	1,695,139,640
Deposits and placements with other banks:								
Balances with the National Bank of Cambodia:								
- Current accounts	355,176,103	428,382,506	1,436,687,337	1,743,516,799	333,600,085	428,369,084	1,349,412,344	1,743,462,172
- Fixed deposits less than 3 months	-	21,104,378	-	85,894,818	-	-	-	-
- Negotiable certificate of deposits, maturities of three months or less	434,728,890	360,000,000	1,758,478,360	1,465,200,000	434,728,890	360,000,000	1,758,478,360	1,465,200,000
Balances with other banks:	-	-						
- Current accounts	184,283,133	42,161,605	745,425,273	171,597,732	181,082,688	35,359,949	732,479,473	143,914,992
- Savings accounts	-	326,952	-	1,330,695	-	326,953	-	1,330,699
- Fixed deposits, maturities of three months or less	75,495,600	95,895,355	305,379,702	390,294,095	75,998,215	95,000,000	307,412,779	386,650,000
	1,599,742,278	1,375,772,491	6,470,957,515	5,599,394,038	1,561,295,780	1,335,552,212	6,315,441,430	5,435,697,503

32. Commitment and contingencies

The Group and the Bank had the contractual amounts of the Group's and the Bank's off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities as follows:

(a) Loan commitment, guarantee and other financial liabilities

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Unused portion of overdrafts	135,738,672	120,937,607	549,062,928	489,192,620	135,348,281	120,108,962	547,483,797	485,840,751
Bank guarantees	46,493,885	47,038,166	188,067,765	190,269,381	46,214,167	46,831,662	186,936,306	189,434,073
Letters of credit	11,931,388	7,862,818	48,262,464	31,805,099	11,931,388	7,862,818	48,262,464	31,805,099
	194,163,945	175,838,591	785,393,157	711,267,100	193,493,836	174,803,442	782,682,567	707,079,923

No material losses are anticipated as a result of these transactions.

32. Commitments and contingencies (continued)

(b) Capital expenditure commitments

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Not later than 1 year	5,676,162	4,601,832	22,960,075	18,614,410	5,621,303	4,589,155	22,738,171	18,563,132
Later than 1 but not later than 5 years	146,498	146,498	592,584	592,584	-	-	-	-
	5,822,660	4,748,330	23,552,659	19,206,994	5,621,303	4,589,155	22,738,171	18,563,132

The balances of these commitments are related to the purchases of property and equipment and intangible assets of the Bank amounting to US$5,621,303, the construction contract to build AIB's building and purchases of other equipment amounting to US$12,262, the purchases of computer software of ABL amounting to US$146,498 and QR project amounting to US$42,597.

(c) Other commitments

On 30 May 2016, the Bank guaranteed to IFC to secure the borrowing obtained by its subsidiary, AIB, amounting to US$13,000,000 maturing on 15 June 2026. As as 31 March 2021, it was remained US$10,540,033, due to repayment.

The Bank has made allowance for impairment loss of US$373,667 (2020: US$370,448) with respect to this guarantee.

33. Reserves

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
As at 1 January 2021	460,207,698	1,861,540,136	64,527,752	261,014,758	(21,641,214)	(87,538,711)	-	-	13,692,814	503,094,236	2,048,708,997
Comprehensive income:											
Other comprehensive income -currency translation difference	-	-	-	-	-	-	-	-	(665,784)	-	(665,784)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(665,784)	-	(665,784)
Transactions with owners:											
Transfers from retained earnings to general reserves	64,527,752	261,982,673	-	-	-	-	-	-	-	64,527,752	261,982,673
Transfer from retained earnings to regulatory reserves	-	-	8,680,735	35,243,784	-	-	-	-	-	8,680,735	35,243,784
Reserve NCI	-	-	-	-	-	-	3,028,319	12,294,975	-	3,028,319	12,294,975
Currency translation difference - foreign subsidiaries	-	-	-	-	(3,025,419)	(12,283,201)	-	-	-	(3,025,419)	(12,283,201)
Currency translation differences	-	(967,914)	-	(130,212)	-	45,382	-	(45,425)	1,087,345	-	(10,824)
Total transactions with owners:	64,527,752	261,014,759	8,680,735	35,113,572	(3,025,419)	(12,237,819)	3,028,319	12,249,550	1,087,345	73,211,387	297,227,407
As at 31 March 2021	524,735,450	2,122,554,895	73,208,487	296,128,330	(24,666,633)	(99,776,530)	3,028,319	12,249,550	14,114,375	576,305,623	2,345,270,620

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

33. Reserves (continued)

	The Group										
	General reserves		Regulatory reserves		Currency translation reserves		Transactions with non-controlling interest		Other reserves	Total	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
As at 1 January 2020	398,373,767	1,623,373,099	38,630,578	157,419,606	(22,255,619)	(90,691,647)	-	-	17,984,208	414,748,726	1,708,085,266
Comprehensive income: Unaudited)											
Other comprehensive income - currency translation difference	-		-	-	-	-	-	-	(363,875)	-	(363,875)
Total comprehensive income for the period Unaudited)	-	-	-	-	-	-	-	-	(363,875)	-	(363,875)
Transactions with owners: Unaudited)											
Transfers from retained earnings to general reserves	85,983,220	350,037,689	-	-	-	-	-	-	-	85,983,220	350,037,689
Transfer from retained earnings to regulatory reserves	-	-	2,219,320	9,032,632	-	-	-	-	-	2,219,320	9,032,632
Currency translation difference - foreign subsidiaries	-	-	-	-	726,346	2,956,228	-	-	-	726,346	2,956,228
Currency translation differences	-	(2,077,854)	-	(193,152)	-	111,278	-	-	(699,267)	-	(2,858,995)
Total transactions with owners: Unaudited)	85,983,220	347,959,835	2,219,320	8,839,480	726,346	3,067,506	-	-	(699,267)	88,928,886	359,167,554
As at 31 March 2020 (Unaudited)	484,356,987	1,971,332,934	40,849,898	166,259,086	(21,529,273)	(87,624,141)	-	-	16,921,066	503,677,612	2,066,888,945

33. Reserves (continued)

	The Bank						
	General reserves		Regulatory reserves		Other reserves	Total	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Balance at 1 January 2021	455,413,631	1,842,148,137	55,327,925	223,801,459	13,408,214	510,741,556	2,079,357,810
Comprehensive income:							
Other comprehensive income-currency translation difference	-	-	-	-	(643,593)	-	(643,593)
Total comprehensive income for the period	-	-	-	-	(643,593)	-	(643,593)
Transactions with owners:							
Transfers from retained earnings to general reserves	55,327,925	224,631,376	-	-	-	55,327,925	224,631,376
Transfer from retained earnings to regulatory reserves	-	-	11,721,232	47,588,202	-	11,721,232	47,588,202
Currency translation differences	-	(829,919)	-	(175,819)	1,005,738	-	-
Total transactions with owners:	55,327,925	223,801,457	11,721,232	47,412,383	1,005,738	67,049,157	272,219,578
As at 31 March 2021	510,741,556	2,065,949,594	67,049,157	271,213,842	13,770,359	577,790,713	2,350,933,795
As at 1 January 2020	388,464,324	1,582,992,120	37,245,288	151,774,549	17,601,987	425,709,612	1,752,368,656
Comprehensive income: (Unaudited)							
Other comprehensive income-currency translation difference	-	-	-	-	(351,199)	-	(351,199)
Total comprehensive income for the period(Unaudited)	-	-	-	-	(351,199)	-	(351,199)
Transactions with owners: (Unaudited)							
Transfers from retained earnings to general reserves	82,612,360	336,314,918	-	-	-	82,612,360	336,314,918
Transfer from retained earnings to regulatory reserves	-	-	2,419,582	9,847,699	-	2,419,582	9,847,699
Currency translation differences	-	(2,024,934)	-	(186,227)	(702,638)	-	(2,913,799)
Total transactions with owners: (Unaudited)	82,612,360	334,289,984	2,419,582	9,661,472	(702,638)	85,031,942	343,248,818
As at 31 March 2020 (Unaudited)	471,076,684	1,917,282,104	39,664,870	161,436,021	16,548,150	510,741,554	2,095,266,275

34. Related party transactions and balances

(a) Related parties and relationships

The related parties of and their relationships with the Bank are as follows:

Related parties	Relationship
ACLEDA Bank Plc.	Holding company
Subsidiaries of the Bank as disclosed in Note 11	Subsidiaries
Shareholders as disclosed in Note 23	Shareholders
Key management personnel	The key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all Directors of the Group and the Bank and members of senior management of the Group and the Bank.

34. Related party transactions and balances (continued)

(b) Related parties balances

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
i). Loans and advances								
Key management personnel	12,870,195	13,988,651	52,059,939	56,584,093	12,010,193	12,996,169	48,581,231	52,569,504
Subsidiaries	-	-	-	-	4,980,892	6,440,590	20,147,708	26,052,187
	12,870,195	13,988,651	52,059,939	56,584,093	16,991,085	19,436,759	68,728,939	78,621,691
ii). Balances with related parties								
Shareholder	316,707	412,162	1,281,080	1,667,195	316,707	412,162	1,281,080	1,667,195
Subsidiaries	-	-	-	-	502,615	502,678	2,033,078	2,033,333
	316,707	412,162	1,281,080	1,667,195	819,322	914,840	3,314,158	3,700,528
iii). Receivables from/(payables to) related parties								
Key management deposit								
Interest payables	(30,775)	(28,375)	(124,485)	(114,777)	(32,741)	(28,375)	(132,437)	(114,777)
Shareholders								
Other payables	(473)	(500)	(1,913)	(2,023)	(473)	(500)	(1,913)	(2,023)
Subsidiaries								
Other receivables	-	-	-	-	95,432	169,544	386,022	685,806
Other payables	-	-	-	-	(152,131)	(2,187)	(615,370)	(8,846)
	(31,248)	(28,875)	(126,398)	(116,800)	(89,913)	138,482	(363,698)	560,160

34. Related party transactions and balances (continued)

(b) Related parties balances (continued)

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
iv). Deposits from related parties								
Key management personnel	5,359,269	5,206,782	21,678,243	21,061,433	4,560,511	4,513,852	18,447,267	18,258,531
Shareholders								
Current accounts	2,601,321	12,867,384	10,522,343	52,048,568	2,601,321	12,867,384	10,522,343	52,048,568
Saving accounts	79,692	99,712	322,354	403,335	79,692	99,712	322,354	403,335
Fixed deposits	150,473	150,500	608,663	608,773	150,473	150,500	608,663	608,773
Subsidiaries								
Current accounts	-	-	-	-	13,008,227	1,637,224	52,618,278	6,622,571
Saving accounts	-	-	-	-	155,743	180,135	629,980	728,646
Fixed deposits	-	-	-	-	1,702,512	1,699,962	6,886,661	6,876,346
	8,190,755	18,324,378	33,131,603	74,122,109	22,258,479	21,148,769	90,035,546	85,546,770
v). Borrowings from related parties								
Shareholders	-	-	-	-	-	-	-	-

34. Related party transactions and balances (continued)

(c) Related parties transactions

	The Group				The Bank			
	For three-month period ended				For three-month period ended			
	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)	31 March 2021 US$	31 March 2020 (Unaudited) US$	31 March 2021 KHR'000 (Note 4)	31 March 2020 (Unaudited) KHR'000 (Note 4)
i). Interest income from related parties								
Loans and advances to key management	288,449	145,081	1,171,103	590,480	340,385	134,586	1,381,963	547,765
Deposits with subsidiary	-	-	-	-	2,831	-	11,494	-
Loan to subsidiary	-	-	-	-	113,305	94,792	460,018	385,803
	288,449	145,081	1,171,103	590,480	456,521	229,378	1,853,475	933,568
ii). Fee and commission income from related parties								
Shareholders	7,016	7,016	28,485	28,555	7,016	7,016	28,485	28,555
Subsidiaries	-	-	-	-	7,603	464	30,868	1,889
	7,016	7,016	28,485	28,555	14,619	7,480	59,353	30,444
iii). Interest expenses to related parties								
Deposits of key management	38,381	44,921	155,827	182,828	36,754	44,722	149,221	182,019
Borrowing from shareholders	-	27,226	-	110,810	-	-	-	-
Deposits of shareholders	2,083	23,060	8,457	93,854	2,083	23,060	8,457	93,854
Deposits of subsidiaries	-	-	-	-	30,030	24,959	121,922	101,583
	40,464	95,207	164,284	387,492	68,867	92,741	279,600	377,456
iv). Fee and remuneration expenses to related parties								
Board of Directors	134,553	150,057	546,285	610,732	76,319	87,375	309,855	355,616
Key management	3,363,015	3,721,609	13,653,841	15,146,949	2,846,088	3,092,024	11,555,117	12,584,538
Subsidiary	-	-	-	-	635,468	598,895	2,580,000	2,437,503
	3,497,568	3,871,666	14,200,126	15,757,681	3,557,875	3,778,294	14,444,972	15,377,657
v). Other commitments								
ECL on financial guarantee on AIB's debt from IFC	-	-	-	-	373,667	105,167	1,517,088	428,030

35. Financial risk management

(a) Introduction and overview

The Group and the Bank is the leading and first listed bank in Cambodia that has the largest branch networks and self-services for offering multiple products and services to the customer such as credits, deposits, funds transfers, cash management, trade finance, ACLEDA card, credit and debit card, and digital services including internet banking, ACLEDA mobile (mobile banking app), e-commerce payment gateway, ACLEDA ATM/POS, and term deposit machine. As disclosed on Note 11, the Bank's four subsidiaries are as follows:

a. ACLEDA Bank Lao Ltd.,
b. ACLEDA Securities Plc.,
c. ACLEDA Institute of Business, and
d. ACLEDA MFI Myanmar Co., Ltd.

In the competitive business environment along with the rapid evolution and development of technology and difference or change in laws and jurisdictions, so the Group and the Bank need to have effective risk management in place in order to manage risk to be within the risk appetite and tolerance, provide reasonable assurance regarding the achievement of objectives.

The framework for risk management has established which comprises of core components such as (1) effective governance and oversight by the Board of Directors and senior management; (2) effective implementation of risk appetite and tolerance; (3) effective implementation of risk management processes; and (4) effective technology and data infrastructure. It must be integrated into day-to-day management of the business and operations to provide transparent and consistent management of risk across the Bank and the Group.

The Group and the Bank instill proactive risk management by embedding accountability and risk ownership culture in managing risks of all levels, Group's and the Bank's Board of Directors, senior management, and employees. This culture is supported by (1) the Bank's employee's policies (ethics and human resource management, code of conduct, conflict of interest, remuneration and nomination, whistle blower's protection, or detailed of misconduct etc.); (2) alignment of compensation policies with the Bank's risk appetite and tolerance limits; and (3) availability of risk management training throughout the Bank and the Group.

Risk management within the Bank is managed by a three-line model, supported by sufficient numbers of personnel skilled in the management of risks within all areas in the three-line model.

35. Financial risk management (continued)

(b) Objective and principles

The objective of Group and the Bank's the risk management are:

- To manage risk to be within the risk appetite and tolerance and to provide reasonable assurance regarding the achievement of objectives.
- To manage risk effectively and to identify the risk before it occurs and minimize the potential risk properly and timely.

To manage risk in a way that optimally balances managing risk while adding value to the Group and the Bank. Risk appetite is defined as the amount and type of risk, on a broad level, an organization is willing to accept in pursuit of long-term shareholder value. Risk tolerance refers to the variation amount of maximum of risk which can be accepted, taking into account the appropriate measure to reduce the risk.

The Bank's risk appetite and tolerance statement is prepared in accordance with its business strategy and the role of the Bank in the financial system.

The Board of Directors approves the Bank's risk appetite and tolerance statement with considering the most significant risk which the Bank is exposed and provides an outline of the approach to manage these risks.

The risk management policy defines risk categories in line with the categories identified by the Basel Committee on Banking Supervision "Basel" and the nature of the Bank's business context. The policy sets risk tolerance/internal targets per individual risk category.

At all times the Bank shall adhere to the prudential ratios and requirements as stipulated by the superintendent.

At all times, unless specifically mentioned otherwise, the Bank shall adhere to the risk tolerance/internal targets, as set by the Board in the risk management policy, in order to limit potential loss.

35. Financial risk management (continued)

The Group's and the Bank's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange rate risk, and interest rate risk. Equity risk and commodity risk are not applicable given that the Bank does not hold any equity and commodity position.), and liquidity risk.

The Group and the Bank hold the following financial assets and liabilities:

	The Group				The Bank			
	31 March 2021 US$	31December 2020 US$	31 March 2021 KHR'000 (Note 4)	31December 2020 KHR'000 (Note 4)	31 March 2021 US$	31December 2020 US$	31 March 2021 KHR'000 (Note 4)	31December 2020 KHR'000 (Note 4)
Financial assets								
Cash on hand	550,058,552	412,759,051	2,224,986,843	1,669,610,361	535,885,902	400,816,126	2,167,658,474	1,621,301,230
Deposits and placements with other banks	633,232,554	534,653,146	2,561,425,681	2,162,671,976	609,118,794	507,629,407	2,463,885,522	2,053,360,951
Financial investments	448,808,354	566,674,523	1,815,429,792	2,292,198,446	448,808,354	566,674,523	1,815,429,792	2,292,198,446
Loans and advances, net	4,729,143,735	4,471,300,618	19,129,386,408	18,086,411,000	4,554,838,332	4,292,649,159	18,424,321,053	17,363,765,848
Other assets	5,896,206	6,921,852	23,850,153	27,998,891	5,894,824	6,923,222	23,844,563	28,004,433
Total financial assets	6,367,139,401	5,992,309,190	25,755,078,877	24,238,890,674	6,154,546,206	5,774,692,437	24,895,139,404	23,358,630,908
Financial liabilities								
Deposits and placements of other banks and financial institutions	391,774,429	317,009,459	1,584,727,565	1,282,303,262	372,722,195	296,764,554	1,507,661,279	1,200,412,621
Deposits from customers	4,563,659,447	4,294,286,048	18,460,002,463	17,370,387,064	4,456,994,563	4,180,268,737	18,028,543,007	16,909,187,041
Other liabilities	52,117,044	28,699,228	210,813,443	116,088,377	52,054,526	28,488,959	210,560,558	115,237,839
Lease liabilities	27,897,232	28,617,902	112,844,303	115,759,414	25,155,413	25,772,385	101,753,646	104,249,297
Borrowings	526,115,382	542,398,916	2,128,136,720	2,194,003,615	492,315,404	507,352,916	1,991,415,809	2,052,242,545
Subordinated debts	169,949,525	167,158,623	687,445,829	676,156,630	169,949,525	167,158,623	687,445,829	676,156,630
Total financial liabilities	5,731,513,059	5,378,170,176	23,183,970,323	21,754,698,362	5,569,191,626	5,205,806,174	22,527,380,128	21,057,485,973
Net financial assets	635,626,342	614,139,014	2,571,108,554	2,484,192,312	585,354,580	568,886,263	2,367,759,276	2,301,144,935

35. Financial risk management (continued)

35.1 Credit risk

Credit risk is the risk that a counterparty would fail to meet its obligations in accordance with agreed terms. While loans are the most obvious source of credit risk, other sources of credit risk exist throughout the activities of an institution, including in the banking book and the trading book, in both on and off-balance sheets. Institutions are facing credit risks in various financial instruments other than loans, including acceptance, trade financing, commitment and guarantee, interbank transaction, settlement of transactions, foreign exchange transactions, bonds, equities and financial derivative instruments.

Principles of the credit risk:

- The Board of Directors recognises that the loan book is the main sources of income for the Group and the Bank and, conversely, also constitutes the greatest risk of losses.
- The Board of Directors considers that lending to the lower segments of the market of small business loans, provided the existing policies are implemented properly, carries a credit risk which is smaller than for larger loans as history has shown that losses due to default on these loans have been minimal. The Board of Directors considers the risk return equation favourable for loans provided to the lower segments in the market and considers this the core product of the Group and the Bank.
- The Board of Directors considers that Management has freedom to adjust, adapt or develop existing products and product lines but requires that new product lines need to be approved by the Board of Directors.
- The day-to-day responsibility for the credit risk lies with the senior management of the Credit Division and with branch management and branch credit officers.
- The credit risk is regularly measured by calculating the ECL taking probability of customer defaults, exposure in the event of default and severity of LGD of the customer base where credit scoring is applied for.
- The Board of Directors requires that credit risk is spread across different sectors (like trade, agriculture, services, industrial, infrastructure etc.) and products to avoid undue over exposure to one particular sector or industry.
- Systemic risk is the risk of system wide breakdown of the financial sector. The Board of Directors requires that credit risk on counterparty financial institutions should be subject to the same principles of the prudential assessment and controls as with other forms of lending and prudential position limits should be set to sufficiently protect the Group and the Bank for a systemic risk.

Internal targets of the credit risk:

The internal targets on credit products should be set by the Board Risk Management and IT Committee ("BRIC") and approved by the Board of Directors. The internal targets will be in line with the risk appetite of the Board of Directors.

The Risk Management Division regularly reviews all internal targets as set and approved by the Board of Directors and advises on any change deemed appropriate.

35. Financial risk management (continued)

35.1 Credit risk (continued)

In order to maintain the credit growth in a prudent and reasonable way and to ensure the maintenance of portfolio quality, various control limits have been imposed to credit products, which must be strictly complied with:

- Loan exposure ratio: defined as the aggregate amount of loan assets in arrears > 30 days minus loan loss reserves divided by the Group and the Bank's net worth should be less than 25%.
- Ceilings on lending to sectors and by product to put limits on concentration risk.
- The maximum exposure to a single client or group of clients is up to 5% of the Group and the Bank's net worth.
- Counterparty financial institutions.

(a) Credit risk management

The Boards of Directors has delegated responsibility for oversight of credit risk to its BRIC. Credit Division is responsible for management of the credit risk based on the following:

- Separation of roles between the persons involved in dealing with the clients that are responsible for the credit application and the persons involved in the authorisation of the credits.
- Separation of roles between the persons involved in dealing directly with clients and the credit administration.
- Principle of double authorisation to ensure a good balance of the interests of the clients and objectivity in the risk assessment process.
- Timely and full documentation of the agreements made with the client together with all needed information, which is relevant in the assessment and control phase of the credit process.
- Careful credit control systems, with periodical reviews, through which timely signals can be derived, for relevant information regarding risk management.
- Independent control to ensure conformity with approved procedures and regulations in the credit process (formal control) but also monitoring the quality of risk aspects and credit control (material control).
- The Group and the Bank will maintain a diversified loan assets portfolio in terms of industry sector, geographical area, and currency and loan size.
- Loan analysis will strongly focus on the client's ability and willingness to repay the loan through character and cash flow based on assessment and in applying green-lining methodology.

The Group and the Bank's total exposure to a single client or group of clients (one obligor principle) acting in concert shall not exceed 5% of the Bank's net worth. "Exposure" includes the aggregate of (i) the face amount of the assets of the Borrower with respect to which such Person is the obligor and (ii) any claim of such Person against the Borrower comprising any commitment to provide funds or credit to, or on behalf of such Person including, but not limited to, loan guarantees, letters of credit and derivatives.

35. Financial risk management (continued)

35.1 Credit risk (continued)

(b) Internal targets and mitigation policies

The Group and the Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia, Lao PDR, and the Republic of the Union of Myanmar. The Group and the Bank manage limits and controls concentration of credit risk whenever they are identified. Large exposure is defined by the NBC as overall exposure to any individual beneficiary which exceeds 10% of the net worth.

The Bank is required, under the conditions of Prakas No. B7-06-226 of the NBC, to maintain at all times a maximum ratio of 20% between the Bank's overall credit exposure to any individual beneficiary and the Bank's net worth. The aggregation of large credit exposure must not exceed 300% of the Bank's net worth.

The Group and the Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans and advances to customers, which is common practice. The Group and the Bank implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Charges over business assets such as land and buildings;
- Cash in the form of margin deposits.

(c) Maximum exposure to credit risk before collateral held or other credit enhancements

For financial assets reflected in the balance sheet, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

35. Financial risk management (continued)

35.1 Credit risk (continued)

(c) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

	The Group				The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Credit exposure for on-balance sheet financial assets:								
Cash on hand	550,058,552	412,759,051	2,224,986,843	1,669,610,361	535,885,902	400,816,126	2,167,658,474	1,621,301,230
Deposits and placements with other banks	633,232,554	534,653,146	2,561,425,681	2,162,671,976	609,118,794	507,629,407	2,463,885,522	2,053,360,951
Financial investments	448,808,354	566,674,523	1,815,429,792	2,292,198,446	448,808,354	566,674,523	1,815,429,792	2,292,198,446
Loans and advances, net	4,729,143,735	4,471,300,618	19,129,386,408	18,086,411,000	4,554,838,332	4,292,649,159	18,424,321,053	17,363,765,848
Other assets	5,896,206	6,921,852	23,850,153	27,998,891	5,894,824	6,923,222	23,844,563	28,004,433
	6,367,139,401	5,992,309,190	25,755,078,877	24,238,890,674	6,154,546,206	5,774,692,437	24,895,139,404	23,358,630,908
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	135,738,672	120,937,607	549,062,928	489,192,620	135,348,281	120,108,962	547,483,797	485,840,751
Bank guarantees	46,493,885	47,038,166	188,067,765	190,269,381	46,214,167	46,831,662	186,936,306	189,434,073
Letters of credit	11,931,388	7,862,818	48,262,464	31,805,099	11,931,388	7,862,818	48,262,464	31,805,099
	194,163,945	175,838,591	785,393,157	711,267,100	193,493,836	174,803,442	782,682,567	707,079,923
Total maximum credit risk exposure	6,561,303,346	6,168,147,781	26,540,472,034	24,950,157,774	6,348,040,042	5,949,495,879	25,677,821,971	24,065,710,831

The above table represents a worst case scenario of credit risk exposure to the Group and the Bank as at 31 March 2021 and 31 December 2020, without taking into account any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts.

35. Financial risk management (continued)

35.1 Credit risk (continued)

(c) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

As shown above, 72.08% for the Group and 71.75% for the Bank of total maximum exposure is derived from loans and advances to customers (2020: 72.49% and 72.15% for the Group and for the Bank).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from its loans and advances on the followings. Significant credit risk exposure is arising from loans and advances, net. In order to mitigate the exposure of credit risk arising from loans and advances, net, all loan size limits approved by the Credit Department must not exceed 75% of estimated saleable value of the pledged collateral. As at 31 March 2021, approximately 95.48% (2020: 98.59% %) of these loans and advances, net, are collateralised.

(d) Concentration of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Group and the Bank analysed the concentration of credit risk by geographic purpose and industry sector as follows:

35. Financial risk management (continued)

35.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(i) Geographical sector

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 March 2021 and 31 December 2020 are as follows:

	The Group								
	Cambodia US$	France US$	Germany US$	Lao US$	Singapore US$	USA US$	Myanmar US$	Other US$	Total US$
As at 31 March 2021									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	535,915,420	-	-	11,658,952	-	-	2,484,180	-	550,058,552
Deposits and placements with other banks	494,124,647	335,615	483,135	17,992,796	322,126	106,409,731	1,773,859	11,790,645	633,232,554
Financial investments	448,808,354	-	-	-	-	-	-	-	448,808,354
Loans and advances, net	4,550,076,127	-	-	148,000,963	-	-	31,066,645	-	4,729,143,735
Other assets	5,819,968	-	-	76,238	-	-	-	-	5,896,206
	6,034,744,516	335,615	483,135	177,728,949	322,126	106,409,731	35,324,684	11,790,645	6,367,139,401
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	135,348,281	-	-	390,391	-	-	-	-	135,738,672
Bank guarantees	46,214,167	-	-	279,718	-	-	-	-	46,493,885
Letters of credit	11,931,388	-	-	-	-	-	-	-	11,931,388
	193,493,836	-	-	670,109	-	-	-	-	194,163,945
Total maximum credit risk exposure	6,228,238,352	335,615	483,135	178,399,058	322,126	106,409,731	35,324,684	11,790,645	6,561,303,346
In KHR'000 equivalent (Note 4)	25,193,224,134	1,357,563	1,954,281	721,624,190	1,303,000	430,427,362	142,888,347	47,693,159	26,540,472,036

35. Financial risk management (continued)

35.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(i) Geographical sector (continued)

	The Group								
	Cambodia US$	France US$	Germany US$	Lao US$	Singapore US$	USA US$	Myanmar US$	Other US$	Total US$
As at 31 December 2020									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	400,829,300	-	-	11,624,911	-	-	304,840	-	412,759,051
Deposits and placements with other banks	269,022,932	631,569	568,916	20,612,267	263,969	232,975,901	4,823,475	5,754,117	534,653,146
Financial investments	566,674,523	-	-	-	-	-	-	-	566,674,523
Loans and advances, net	4,286,426,601	-	-	140,902,367	-	-	43,971,650	-	4,471,300,618
Other assets	6,774,532	-	-	147,320	-	-	-	-	6,921,852
	5,529,727,888	631,569	568,916	173,286,865	263,969	232,975,901	49,099,965	5,754,117	5,992,309,190
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	120,108,962	-	-	828,645	-	-	-	-	120,937,607
Bank guarantees	46,831,662	-	-	206,504	-	-	-	-	47,038,166
Letters of credit	7,862,818	-	-	-	-	-	-	-	7,862,818
	174,803,442	-	-	1,035,149	-	-	-	-	175,838,591
Total maximum credit risk exposure	5,704,531,330	631,569	568,916	174,322,014	263,969	232,975,901	49,099,965	5,754,117	6,168,147,781
In KHR'000 equivalent (Note 4)	23,074,829,230	2,554,697	2,301,265	705,132,547	1,067,755	942,387,520	198,609,358	23,275,403	24,950,157,775

35. Financial risk management (continued)

35.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(i) Geographical sector (continued)

	The Bank								
	Cambodia US$	France US$	Germany US$	Lao US$	Singapore US$	USA US$	Myanmar US$	Other US$	Total US$
As at 31 March 2021									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	535,885,902	-	-	-	-	-	-	-	535,885,902
Deposits and placements with other banks	489,816,228	335,615	483,135	499,549	322,126	106,409,731	46,787	11,205,623	609,118,794
Financial investments	448,808,354	-	-	-	-	-	-	-	448,808,354
Loans and advances, net	4,554,838,332	-	-	-	-	-	-	-	4,554,838,332
Other assets	5,802,008	-	-	92,816	-	-	-	-	5,894,824
	6,035,150,824	335,615	483,135	592,365	322,126	106,409,731	46,787	11,205,623	6,154,546,206
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	135,348,281	-	-	-	-	-	-	-	135,348,281
Bank guarantees	46,214,167	-	-	-	-	-	-	-	46,214,167
Letters of credit	11,931,388	-	-	-	-	-	-	-	11,931,388
	193,493,836	-	-	-	-	-	-	-	193,493,836
Total maximum credit risk exposure	6,228,644,660	335,615	483,135	592,365	322,126	106,409,731	46,787	11,205,623	6,348,040,042
In KHR'000 equivalent (Note 4)	25,194,867,650	1,357,563	1,954,281	2,396,116	1,303,000	430,427,362	189,253	45,326,745	25,677,821,970

35. Financial risk management (continued)

35.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(i) Geographical sector (continued)

	The Bank								
	Cambodia US$	**France US$**	**Germany US$**	**Lao US$**	**Singapore US$**	**USA US$**	**Myanmar US$**	**Other US$**	**Total US$**
As at 31 December 2020									
Credit exposure for on-balance sheet financial assets:									
Cash on hand	400,816,126	-	-	-	-	-	-	-	400,816,126
Deposits and placements with other banks	267,444,421	631,569	568,916	499,861	263,969	232,975,901	46,873	5,197,897	507,629,407
Financial investments	566,674,523	-	-	-	-	-	-	-	566,674,523
Loans and advances, net	4,292,649,159	-	-	-	-	-	-	-	4,292,649,159
Other assets	6,756,356	-	-	-	-	-	166,866	-	6,923,222
	5,534,340,585	631,569	568,916	499,861	263,969	232,975,901	213,739	5,197,897	5,774,692,437
Credit exposure for off-balance sheet items:									
Unused portion of loan commitment	120,108,962	-	-	-	-	-	-	-	120,108,962
Bank guarantees	46,831,662	-	-	-	-	-	-	-	46,831,662
Letters of credit	7,862,818	-	-	-	-	-	-	-	7,862,818
	174,803,442	-	-	-	-	-	-	-	174,803,442
Total maximum credit risk exposure	5,709,144,027	631,569	568,916	499,861	263,969	232,975,901	213,739	5,197,897	5,949,495,879
In KHR'000 equivalent (Note 4)	23,093,487,589	2,554,697	2,301,265	2,021,938	1,067,755	942,387,520	864,574	21,025,493	24,065,710,831

35. Financial risk management (continued)

35.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(ii) Industry sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) at carrying amount as at 31 March 2021 and 31 December 2020 based on the industry sectors of the counterparty are as follows:

	The Group							
	Financial institutions US$	Wholesale and retail US$	Services US$	Housing US$	Manufacturing US$	Agriculture US$	Other US$	Total US$
As at 31 March 2021								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	550,058,552	-	-	-	-	-	-	550,058,552
Deposits and placements with other banks	633,232,554	-	-	-	-	-	-	633,232,554
Financial investments	-	-	-	-	-	-	448,808,354	448,808,354
Loans and advances, net	22,145,249	1,592,427,429	1,194,418,525	194,487,303	139,575,186	937,019,950	649,070,093	4,729,143,735
Other assets	3,335,477	-	-	-	-	-	2,560,729	5,896,206
	1,208,771,832	1,592,427,429	1,194,418,525	194,487,303	139,575,186	937,019,950	1,100,439,176	6,367,139,401
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	135,738,672	135,738,672
Bank guarantees	-	-	-	-	-	-	46,493,885	46,493,885
Letters of credit	-	-	-	-	-	-	11,931,388	11,931,388
	-	-	-	-	-	-	194,163,945	194,163,945
Total maximum credit risk exposure	1,208,771,832	1,592,427,429	1,194,418,525	194,487,303	139,575,186	937,019,950	1,294,603,121	6,561,303,346
In KHR'000 equivalent (Note 4)	4,889,482,060	6,441,368,950	4,831,422,934	786,701,141	564,581,627	3,790,245,698	5,236,669,624	26,540,472,034

35. Financial risk management (continued)

35.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(ii) Industry sectors (continued)

	The Group							
	Financial institutions US$	Wholesale and retail US$	Services US$	Housing US$	Manufacturing US$	Agriculture US$	Other US$	Total US$
As at 31 December 2020								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	412,759,051	-	-	-	-	-	-	412,759,051
Deposits and placements with other banks	534,653,146	-	-	-	-	-	-	534,653,146
Financial investments	566,520,994	-	-	-	-	-	153,529	566,674,523
Loans and advances, net	22,672,936	1,511,327,042	1,086,409,481	160,232,558	130,933,136	888,839,788	670,885,677	4,471,300,618
Other assets	3,787,686	-	-	-	-	-	3,134,166	6,921,852
	1,540,393,813	1,511,327,042	1,086,409,481	160,232,558	130,933,136	888,839,788	674,173,372	5,992,309,190
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	120,937,607	120,937,607
Bank guarantees	-	-	-	-	-	-	47,038,166	47,038,166
Letters of credit	-	-	-	-	-	-	7,862,818	7,862,818
	-	-	-	-	-	-	175,838,591	175,838,591
Total maximum credit risk exposure	1,540,393,813	1,511,327,042	1,086,409,481	160,232,558	130,933,136	888,839,788	850,011,963	6,168,147,781
In KHR'000 equivalent (Note 4)	6,230,892,974	6,113,317,885	4,394,526,351	648,140,697	529,624,535	3,595,356,942	3,438,298,390	24,950,157,774

35. Financial risk management (continued)

35.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(ii) Industry sectors (continued)

	The Bank							
	Financial institutions US$	Wholesale and retail US$	Services US$	Housing US$	Manufacturing US$	Agriculture US$	Other US$	Total US$
As at 31 March 2021								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	535,885,902	-	-	-	-	-	-	535,885,902
Deposits and placements with other banks	609,118,794	-	-	-	-	-	-	609,118,794
Financial investments	-	-	-	-	-	-	448,808,354	448,808,354
Loans and advances, net	22,145,249	1,516,742,880	1,160,422,752	193,983,688	133,169,283	898,409,648	629,964,832	4,554,838,332
Other assets	3,352,488	-	-	-	-	-	2,542,336	5,894,824
	1,170,502,433	1,516,742,880	1,160,422,752	193,983,688	133,169,283	898,409,648	1,081,315,522	6,154,546,206
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	135,348,281	135,348,281
Bank guarantees	-	-	-	-	-	-	46,214,167	46,214,167
Letters of credit	-	-	-	-	-	-	11,931,388	11,931,388
	-	-	-	-	-	-	193,493,836	193,493,836
Total maximum credit risk exposure	1,170,502,433	1,516,742,880	1,160,422,752	193,983,688	133,169,283	898,409,648	1,274,809,358	6,348,040,042
In KHR'000 equivalent (Note 4)	4,734,682,341	6,135,224,950	4,693,910,032	784,664,018	538,669,750	3,634,067,026	5,156,603,853	25,677,821,970

35. Financial risk management (continued)

35.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

(ii) Industry sectors (continued)

	The Bank							
	Financial institutions US$	Wholesale and retail US$	Services US$	Housing US$	Manufacturing US$	Agriculture US$	Other US$	Total US$
As at 31 December 2020								
Credit exposure for on-balance sheet financial assets:								
Cash on hand	400,816,126	-	-	-	-	-	-	400,816,126
Deposits and placements with other banks	507,629,407	-	-	-	-	-	-	507,629,407
Financial investments	566,520,994	-	-	-	-	-	153,529	566,674,523
Loans and advances, net	22,672,936	1,433,948,336	1,056,238,093	159,289,851	124,058,057	848,241,547	648,200,339	4,292,649,159
Other assets	3,832,887	-	-	-	-	-	3,090,335	6,923,222
	1,501,472,350	1,433,948,336	1,056,238,093	159,289,851	124,058,057	848,241,547	651,444,203	5,774,692,437
Credit exposure for off-balance sheet items:								
Unused portion of loan commitment	-	-	-	-	-	-	120,108,962	120,108,962
Bank guarantees	-	-	-	-	-	-	46,831,662	46,831,662
Letters of credit	-	-	-	-	-	-	7,862,818	7,862,818
	-	-	-	-	-	-	174,803,442	174,803,442
Total maximum credit risk exposure	1,501,472,350	1,433,948,336	1,056,238,093	159,289,851	124,058,057	848,241,547	826,247,645	5,949,495,879
In KHR'000 equivalent (Note 4)	6,073,455,656	5,800,321,019	4,272,483,086	644,327,447	501,814,841	3,431,137,058	3,342,171,724	24,065,710,831

35. Financial risk management (continued)

35.1 Credit risk (continued)

(e) Write-off policy

Financial instruments can be written off under the judgment of the Management Credit Committee in case when the Group and the Bank lose control on its contractual rights over that facility or when all or part of the facility is deemed uncollectable; this is particularly the case when there is no realistic prospect of recovery for the counterparty or when the Group and the Bank have lost control over its contractual rights on the facility due to any decision of a court of law. Circumstances where a facility should be written off also include, but are not limited to:

a) All forms of securities or collateral have been called and realized but proceeds failed to cover the entire outstanding amount of the facility;

b) The Group and the Bank are unable to collect, or there is no longer reasonable assurance that the Group and the Bank will collect all amounts due according to the contractual terms of the facility's agreement;

c) The counterparty has become bankrupt or is undergoing other forms of financial restructuring the consequence of which it is unlikely that it may service the facility;

d) The facility has been classified under loss category.

(f) Credit quality of financial assets

CIFRS 9 introduces the concept of ECL of which the Group and the Bank expect to experience on an account over either a 12-month horizon (Stage 1) or a lifetime horizon (Stage 2 & 3). The change in approach to provisioning introduced by CIFRS 9 is designed to:

- Ensure a timely recognition of credit losses, which is more reflective than the previous Incurred Loss Model;
- Distinguish between financial instruments that have significantly deteriorated in credit quality and those that have not; and
- Provide a better estimate of ECLs given the macroeconomic environment.

The Group and the Bank apply a three-stage approach based on the change in credit quality since initial recognition:

3-Stage approach	**Stage 1**	**Stage 2**	**Stage 3**
	Performing	**Underperforming**	**Nonperforming**
Recognition of expected credit losses	12 months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit impaired assets
Basis of calculation of profit revenue	On gross carrying amount	On gross carrying amount	On net carrying amount

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Recognition of ECL

Financial assets will be classified and recognised into three different categories which are:

a) Financial assets measured at amortised cost
b) Financial assets measured at FVOCI
c) Financial assets measured at FVPL.

Financial assets and debts that are measured at amortised cost or through other comprehensive income will be subjected to impairment assessment.

The Group and the Bank measured ECL by using the general approach and the simplified approach.

The general approach consists of segregating the customers into three different stages according to the staging criteria by assessing the credit risk. 12-month ECL will be computed for stage 1, while lifetime ECL will be computed for stage 2 and stage 3. At each reporting date, the Group and the Bank will assess credit risk of each account as compared to the risk level at origination date.

Below is a table showing a summary of credit risk status and period for ECL calculation by stages:

Long-term facilities (more than one year)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
1	No significant increase in credit risk	Normal	$0 \leq DPD < 30$	Performing
2	Credit risk increased significantly	Special Mention	$30 \leq DPD < 90$	Underperforming
3	Credit impaired assets	Substandard	$90 \leq DPD < 180$	Nonperforming
		Doubtful	$180 \leq DPD < 360$	
		Loss	$DPD \geq 360$	

Short-term facilities (one year or less)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
1	No significant increase in credit risk	Normal	$0 \leq DPD \leq 14$	Performing
2	Credit risk increased significantly	Special Mention	$15 \leq DPD \leq 30$	Underperforming
3	Credit impaired assets	Substandard	$31 \leq DPD \leq 60$	Nonperforming
		Doubtful	$61 \leq DPD \leq 90$	
		Loss	$DPD \geq 91$	

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Recognition of ECL (continued)

The Group and the Bank will use the day past due ("DPD") information and NBC's classification for staging criteria. Also, the Group and the Bank will incorporate credit scoring or more forward looking elements in the future when information is more readily available. Upon the implementation of credit scoring system, it the risk level drops by two or more notches as compared to the risk level at origination, the accounts have to be classified under stage 2.

As for financial assets that are short term in nature, simplified approach will be adopted where no staging criteria is required. In this case, it will be either performing (stage1) or non-performing (stage 3).

Credit classification for financial assets

The Bank follows the mandatory loan classification and provisioning as required by the NBC's Prakas No.B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on Credit Risk Grading and Impairment Provisioning. Loans and advances, and other financial assets are classified into five classifications as described below:

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	**As for facilities that have an original term of one year or less**
1- NORMAL Timely repayment of an outstanding facility classified in this class is not in doubt. Repayment is steadily made according with the contractual terms and the facility does not exhibit any potential weakness in repayment capacity, business, cash flow and financial position of the counterparty.	- Punctual	- Punctual

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

CLASSES/ CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	**As for facilities that have an original term of one year or less**
2- SPECIAL MENTION A facility in this class is currently protected and may not be past due but it exhibits potential weaknesses that, if not corrected in a timely manner, may adversely affect repayment by the counterparty at a future date, and warrant close attention by the Bank. Examples of such weaknesses include, but are not limited to a declining trend in the operations of the counterparty or in its financial position, adverse economic and market conditions that all might affect its profitability and its future repayment capacity, or deteriorating conditions on the collateral. This class has clearly its own rational and should not be used as a compromise between Normal and Substandard.	- When any facility is past due from 30 days to 89 days. - When interest payments for 30 to 89 days have been capitalized, refinanced, or rolled over into a new facility.	- When any facility is past due for maximum 30 days. - When interest payments for maximum 30 days have been capitalized, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 30 days, or the current account has been inactive for maximum 30 days, or the net inflows on the current account have not been enough to cover capitalized interests for maximum 30 days.

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	**As for facilities that have an original term of one year or less**
3- SUB-STANDARD A facility in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position of the counterparty and his repayment capacity. In essence, the primary source of repayment is not sufficient to service the debt and the Bank must look to secondary sources such as the realization of the collateral, in relation with the counterparty. Factors leading to a Substandard classification include: ▪ Inability of the counterparty to meet the contractual repayments' terms, ▪ Unfavourable economic and market conditions that would affect the business and profitability of the counterparty in the future, ▪ Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments. ▪ Difficulties experienced by the counterparty in repaying other facilities granted by the bank or by other institutions when the information is available. ▪ Breach of financial covenants by the counterparty.	- When any facility is past due from 90 days to 179 days. - When interest payments for 90 to 179 days have been capitalized, refinanced, or rolled over into a new facility.	- When any facility is past due for maximum 60 days. - When interest payments for maximum 60 days have been capitalized, refinanced, or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 60 days, or the current account has been inactive for maximum 60 days. - The overdraft that has had no net inflow for 60 days must be modified into a term loan.

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

CLASSES/CRITERIA	PAYMENT EXPERIENCED	
	As for facilities, which have an original term of more than one year	**As for facilities that have an original term of one year or less**
4- DOUBTFUL A facility classified in this category faces similar but more severe weaknesses than one classified as Substandard such that its full collection on the basis of existing facts, conditions or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.	- When any facility is past due from 180 days to 359 days. - When interest payment for 180 to 359 days have been capitalized or rolled over into a new facility.	- When any facility is past due for maximum 90 days. - When interest payment for maximum 90 days have been capitalized or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 90 days, or the current account has been inactive for maximum 90 days.
5- LOSS A facility is classified Loss when it is not collectable, and little or nothing can be done to recover the outstanding amount from the counterparty.	- When any facility is past due from 360 days. - When interest payment for 360 days or more have been capitalized or rolled over into a new facility.	- When any facility is past due for maximum 180 days. - When interest payment for maximum 180 days have been capitalized or rolled over into a new facility. - In case of overdrafts, excess of the approval limit is for maximum 180 days, or the current account has been inactive for maximum 180 days.

With regard to facilities with repayments on a quarterly, semi-annual or longer basis, facilities must be classified as Substandard or worse depending on the situation of the counterparty as soon as a default occurs. For the purpose of the table above, the default will be considered as having occurred 5 working days after the payment due date. The classification as substandard will be allowed only in case where the counterparty has clearly demonstrated that its inability to pay in due time is only temporary.

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Facilities that are classified Substandard, Doubtful or Loss will be considered as "non-performing" facilities. Other facilities will be considered as "performing".

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	31 March 2021				31 December 2020
Loans and advances at amortised cost	**Stage 1: 12-month ECL US$**	**Stage 2: Lifetime ECL not credit impaired US$**	**Stage 3: Lifetime ECL credit impaired US$**	**Total US$**	**Total US$**
The Group					
Normal	4,628,932,989	-	4,594,767	4,633,527,756	4,375,262,025
Special mention	-	31,344,544	270,313	31,614,857	26,470,310
Substandard	-	-	29,529,590	29,529,590	32,985,705
Doubtful	-	-	34,128,747	34,128,747	50,125,889
Loss	-	-	38,381,224	38,381,224	21,799,236
	4,628,932,989	31,344,544	106,904,641	4,767,182,174	4,506,643,165
ECL allowance	(15,414,442)	(4,057,563)	(18,566,434)	(38,038,439)	(35,342,547)
Carrying amount	4,613,518,547	27,286,981	88,338,207	4,729,143,735	4,471,300,618
In KHR'000 equivalent (Note 4)	18,661,682,523	110,375,838	357,328,047	19,129,386,408	18,086,411,000
The Bank					
Normal	4,456,799,431	-	-	4,456,799,431	4,198,757,317
Special mention	-	28,414,111	-	28,414,111	23,945,494
Substandard	-	-	28,293,873	28,293,873	31,773,683
Doubtful	-	-	32,553,480	32,553,480	48,178,299
Loss	-	-	37,704,911	37,704,911	21,203,755
	4,456,799,431	28,414,111	98,552,264	4,583,765,806	4,323,858,548
ECL allowance	(12,481,706)	(3,334,666)	(13,111,102)	(28,927,474)	(31,209,389)
Carrying amount	4,444,317,725	25,079,445	85,441,162	4,554,838,332	4,292,649,159
In KHR'000 equivalent (Note 4)	17,977,265,198	101,446,355	345,609,500	18,424,321,053	17,363,765,848

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Financial investments at amortised cost	31 March 2021				31 December 2020
	Stage 1: 12-month ECL US$	Stage 2: Lifetime ECL not credit impaired US$	Stage 3: Lifetime ECL credit impaired US$	Total US$	Total US$
The Group					
Normal	448,808,354	-	-	448,808,354	566,520,994
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	448,808,354	-	-	448,808,354	566,520,994
ECL allowance	-	-	-	-	-
Carrying amount – fair value	448,808,354	-	-	448,808,354	566,520,994
In KHR'000 equivalent (Note 4)	1,815,429,792	-	-	1,815,429,792	2,291,577,421
The Bank					
Normal	448,808,354	-	-	448,808,354	566,520,994
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	448,808,354	-	-	448,808,354	566,520,994
ECL allowance	-	-	-	-	-
Carrying amount – fair value	448,808,354	-	-	448,808,354	566,520,994
In KHR'000 equivalent (Note 4)	1,815,429,792	-	-	1,815,429,792	2,291,577,421

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Cash and deposit and placement with other banks	31 March 2021 Stage 1: 12-month ECL US$	31 March 2021 Stage 2: Lifetime ECL not credit impaired US$	31 March 2021 Stage 3: Lifetime ECL credit impaired US$	31 March 2021 Total US$	31 December 2020 Total US$
The Group					
Normal	1,556,689,046	-	-	1,556,689,046	1,308,371,649
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	1,556,689,046	-	-	1,556,689,046	1,308,371,649
ECL allowance	(710,005)	-	-	(710,005)	(582,444)
Carrying amount	1,555,979,041	-	-	1,555,979,041	1,307,789,205
In KHR'000 equivalent (Note 4)	6,293,935,221	-	-	6,293,935,221	5,290,007,334
The Bank					
Normal	1,514,417,496	-	-	1,514,417,496	1,265,340,832
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	1,514,417,496	-	-	1,514,417,496	1,265,340,832
ECL allowance	(549,917)	-	-	(549,917)	(141,543)
Carrying amount	1,513,867,579	-	-	1,513,867,579	1,265,199,289
In KHR'000 equivalent (Note 4)	6,123,594,357	-	-	6,123,594,357	5,117,731,124

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

	31 March 2021				31 December 2020
Other Receivables	**Stage 1: 12-month ECL**	**Stage 2: Lifetime ECL not credit impaired**	**Stage 3: Lifetime ECL credit impaired**	**Total**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**
The Group					
Normal	5,896,206	-	-	5,896,206	6,921,852
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	5,896,206	-	-	5,896,206	6,921,852
ECL allowance	(198,585)	-	-	(198,585)	(199,393)
Carrying amount	5,697,621	-	-	5,697,621	6,722,459
In KHR'000 equivalent (Note 4)	23,046,877	-	-	23,046,877	27,192,347
The Bank					
Normal	5,894,824	-	-	5,894,824	6,923,222
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	5,894,824	-	-	5,894,824	6,923,222
ECL allowance	(196,884)	-	-	(196,884)	(197,045)
Carrying amount	5,697,940	-	-	5,697,940	6,726,177
In KHR'000 equivalent (Note 4)	23,048,167	-	-	23,048,167	27,207,386

35. Financial risk management (continued)

35.1 Credit risk (continued)

(f) Credit quality of financial assets (continued)

Credit classification for financial assets (continued)

Financial guarantee contracts	31 March 2021				31 December 2020
	Stage 1: 12-month ECL US$	Stage 2: Lifetime ECL not credit impaired US$	Stage 3: Lifetime ECL credit impaired US$	Total US$	Total US$
The Group					
Normal	46,493,885	-	-	46,493,885	47,038,166
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	46,493,885	-	-	46,493,885	47,038,166
ELC allowance	(31,677)	-	-	(31,677)	(154,907)
Carrying amount – fair value	46,462,208	-	-	46,462,208	46,883,259
In KHR'000 equivalent (Note 4)	187,939,631	-	-	187,939,631	189,642,783
The Bank					
Normal	56,754,200	-	-	56,754,200	56,978,543
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
Total gross carrying amount	56,754,200	-	-	56,754,200	56,978,543
ECL allowance	(405,305)	-	-	(405,305)	(525,324)
Carrying amount – fair value	56,348,895	-	-	56,348,895	56,453,219
In KHR'000 equivalent (Note 4)	227,931,280	-	-	227,931,280	228,353,271

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL

Significant increase in credit risk

The Group and the Bank consider that a significant increase in credit risk occurs no later than when an asset is more than or equal to 30 days past due for long-term facilities or more than or equal to 15 days past due for short-term facilities. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group and the Bank determine a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Group and the Bank monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 or 15 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit- impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Definition of default

The Bank considers a financial asset to be in default, aligning the NBC Prakas on Credit Risk Grading & Impairment Provisioning as stated in Article 17 and Article 19, when:

1) The default definition / non-performing loans ("NPL") definition for long-term facilities where original tenure is more than a year as follow:

Day Past Due	Classification	Default Indicator
$0 \leq DPD < 30$	Normal	Not Default / Performing
$30 \leq DPD < 90$	Special Mention	
$90 \leq DPD < 180$	Substandard	Default / Non-performing
$180 \leq DPD < 360$	Doubtful	
$DPD \geq 360$	Loss	

2) The default definition / NPL definition for short-term facilities where original tenure is less than or equal to a year as follow:

Day Past Due	Classification	Default Indicator
$0 \leq DPD \leq 14$	Normal	Not Default / Performing
$15 \leq DPD \leq 30$	Special Mention	
$31 \leq DPD \leq 60$	Substandard	Default / Non-performing
$61 \leq DPD \leq 90$	Doubtful	
$DPD \geq 91$	Loss	

3) In addition to the classification according to day past due information, the Bank also performs manual classification when there is a sign of deterioration in the credit profile, the Bank might classify the loan into substandard, doubtful or loss even though the DPD is less than 90 days for long term and less than 30 days for short term.

Incorporation of forward-looking information

The Group and the Bank incorporate forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group and the Bank formulate three economic scenarios: a base case, which is the median scenario assigned a 55% probability of occurring, and two less likely scenarios, 20% for one upside and 25% for one downside, each assigned a 20% probability of occurring. The base case is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting.

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group and the Bank operate, supranational organisations such as the International Monetary Fund, and selected private-sector and academic forecasters.

The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments in accordance with each country and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The economic scenarios of the Bank's portfolio used as at 31 March 2021 included the following key indicators for Cambodia for the years ending 31 December 2021 to 2025:

Exposure	2021	2022	2023	2024	2025
1- Small Loan					
- Credits (Exports) Year-on-Year Change					
Base	13.38%	13.80%	13.77%	15.09%	15.09%
Upside	27.68%	28.10%	28.06%	29.38%	29.38%
Downside	-0.92%	-0.49%	-0.53%	0.79%	0.79%
- Cambodia GDP at Constant 2000 Price (in KHR billions) Year-on-Year Change					
Base	4.00%	5.70%	6.30%	7.16%	7.16%
Upside	4.39%	6.09%	6.69%	7.55%	7.55%
Downside	3.61%	5.31%	5.91%	6.77%	6.77%
- Domestic credit to private sector (% of GDP)					
Base	101.05%	103.26%	104.41%	67.97%	67.97%
Upside	57.09%	59.30%	60.46%	24.01%	24.01%
Downside	145.00%	147.21%	148.37%	111.92%	111.92%
- Cambodia CPI All Items 2006=100					
Base	179.93	180.24	180.36	159.42	159.42
Upside	161.08	161.40	161.52	140.57	140.57
Downside	198.77	199.09	199.21	178.26	178.26

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Exposure	2021	2022	2023	2024	2025
2- Medium Loan					
- Credits (Exports) Year-on-Year Change					
Base	13.38%	13.80%	13.70%	15.09%	15.09%
Upside	27.68%	28.06%	29.38%	29.38%	29.38%
Downside	-0.92%	-0.49%	-0.53%	0.79%	0.79%
- Cambodia GDP at Constant 2000 Price (in KHR billions) Year-on-Year Change					
Base	4.00%	5.70%	6.30%	7.16%	7.16%
Upside	4.39%	6.09%	6.69%	7.55%	7.55%
Downside	3.61%	5.31%	5.91%	6.77%	6.77%
- Debits (Imports)					
Base	21,145	21,326	21,481	12,841	12,841
Upside	14,837	15,018	15,173	6,533	6,533
Downside	27,453	27,634	27,790	19,149	19,149
3- Staff Loan					
- Total Unemployment Cambodia					
Base	0.20%	0.21%	0.22%	0.44%	0.44%
Upside	-0.23%	-0.22%	-0.21%	-0.01%	-0.01%
Downside	0.64%	0.65%	0.66%	0.88%	0.88%
- Cambodia CPI All Items 2006=100					
Base	183.74	183.98	184.09	163.46	163.46
Upside	164.95	165.19	165.31	144.67	144.67
Downside	202.52	202.76	202.88	182.25	182.25
4- Overdraft					
- Cambodia CPI All Items 2006=100					
Base	183.74	183.98	184.09	162.44	162.44
Upside	165.00	165.25	165.36	143.71	143.71
Downside	202.47	202.71	202.83	181.17	181.17
5- Home Improvement Loan					
- Cambodia GDP at Constant 2000 Price (in KHR billions) Year-on-Year Change					
Base	4%	5.7%	6.3%	6.96%	6.96%
Upside	5.65%	7.35%	7.95%	8.61%	8.61%
Downside	2.35%	4.05%	4.65%	5.30%	5.30%

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing available historical data over the past 7 years.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 2(f)(iv).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Modified financial assets (continued)

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

Loss allowance

During the period, the allowance for/(reversal of) impairment loss recognised on the profit or loss were as follows:

	The Group				The Bank			
Type	**31 March 2021 US$**	**31 December 2020 US$**	**31 March 2021 KHR'000** (Note 4)	**31 December 2020 KHR'000** (Note 4)	**31 March 2021 US$**	**31 December 2020 US$**	**31 March 2021 KHR'000** (Note 4)	**31 December 2020 KHR'000** (Note 4)
Deposit and placements with banks	133,798	(7,786)	543,220	(31,744)	408,108	96,083	1,656,918	391,730
Loans and advances to customers	3,683,966	20,852,357	14,956,902	85,015,059	(2,005,441)	16,204,462	(8,142,090)	66,065,592
Other assets	(802)	(50,540)	(3,256)	(206,051)	(162)	(52,869)	(658)	(215,547)
	3,816,962	20,794,031	15,496,866	84,777,264	(1,597,495)	16,247,676	(6,485,830)	66,241,775
Financial guarantee contracts	(123,219)	(54,156)	(500,269)	(220,794)	(120,009)	(132,082)	(487,237)	(538,498)
Total	3,693,743	20,739,875	14,996,597	84,556,470	(1,717,504)	16,115,594	(6,973,067)	65,703,277

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Loss allowance (continued)

The following tables show balance of the loss allowance by class of financial instrument:

	31 March 2021				31 December 2020			
Loans and advances at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
The Group								
As at 1 January	11,905,498	3,303,698	20,133,351	35,342,547	24,627,422	344,453	8,263,701	33,235,576
Allowance for impairment loss during the period	3,508,944	753,865	(578,843)	3,683,966	(12,721,922)	2,959,245	30,615,034	20,852,357
Written off during the period	-	-	(463,223)	(463,223)	-	-	(18,676,459)	(18,676,459)
Currency translation difference	-	-	(524,851)	(524,851)	-	-	(68,927)	(68,927)
At 31 March	15,414,442	4,057,563	18,566,434	38,038,439	11,905,500	3,303,698	20,133,349	35,342,547
In KHR'000 equivalent (Note 4)	62,351,417	16,412,842	75,101,226	153,865,485	48,157,748	13,363,458	81,439,397	142,960,602

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Loss allowance (continued)

The following tables show balance of the loss allowance by class of financial instrument: (continued)

	31 March 2021				31 December 2020			
Loans and advances at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
The Bank								
As at 1 January	10,839,155	2,906,941	17,463,293	31,209,389	24,066,137	286,202	7,837,241	32,189,580
Allowance for impairment loss during the period	1,642,551	427,725	(4,075,717)	(2,005,441)	(13,226,982)	2,620,739	26,810,704	16,204,462
Written off during the period	-	-	(13,871)	(13,871)	-	-	(17,158,054)	(17,158,054)
Currency translation difference	-	-	(262,603)	(262,603)	-	-	(26,599)	(26,599)
At 31 March	12,481,706	3,334,666	13,111,102	28,927,474	10,839,155	2,906,941	17,463,293	31,209,389
In KHR'000 equivalent (Note 4)	50,488,501	13,488,724	53,034,408	117,011,633	43,844,382	11,758,576	70,639,020	126,241,978

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Measurement of ECL (continued)

Loss allowance (continued)

The following tables show balance of the loss allowance by class of financial instrument: (continued)

	31 March 2021				31 December 2020
Cash and deposit and placement with other banks	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**
The Group					
At 1 January	582,444	-	-	582,444	589,956
Allowance for impairment loss during the period	133,798	-	-	133,798	(7,786)
Currency translation difference	(6,237)	-	-	(6,237)	274
At 31 March	710,005	-	-	710,005	582,444
In KHR'000 equivalent (Note 4)	2,871,971	-	-	2,871,971	2,355,986
The Bank					
At 1 January	141,543	-	-	141,543	45,241
Allowance for impairment loss during the period	408,108	-	-	408,108	96,083
Currency translation difference	266	-	-	266	219
At 31 March	549,917	-	-	549,917	141,543
In KHR'000 equivalent (Note 4)	2,224,415	-	-	2,224,415	572,542

	31 March 2021				31 December 2020
Other assets - other receivables	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**
The Group					
At 1 January	199,393	-	-	199,393	295,027
Allowance for impairment loss during the period	(802)	-	-	(802)	(50,540)
Currency translation difference	(6)	-	-	(6)	(45,094)
At 31 March	198,585	-	-	198,585	199,393
In KHR'000 equivalent (Note 4)	803,276	-	-	803,276	806,545
The Bank					
At 1 January	197,045	-	-	197,045	295,009
Allowance for impairment loss during the period	(162)	-	-	(162)	(52,869)
Currency translation difference	1	-	-	1	(45,095)
At 31 March	196,884	-	-	196,884	197,045
In KHR'000 equivalent (Note 4)	796,396	-	-	796,396	797,047

35. Financial risk management (continued)

35.1 Credit risk (continued)

(g) Amounts arising from ECL (continued)

Measurement of ECL (continued)

Loss allowance (continued)

	31 March 2021				31 December 2020
Financial guarantee contracts	**Stage 1 US$**	**Stage 2 US$**	**Stage 3 US$**	**Total US$**	**Total US$**
The Group					
At 1 January	154,907	-	-	154,907	207,479
Reversal of allowance for impairment loss during the period	(123,219)	-	-	(123,219)	(54,156)
Currency translation difference	(11)	-	-	(11)	1,584
At 31 March	31,677	-	-	31,677	154,907
In KHR'000 equivalent (Note 4)	128,133	-	-	128,133	626,599
The Bank					
At 1 January	525,324	-	-	525,324	655,822
Reversal of allowance for impairment loss during the period	(120,009)	-	-	(120,009)	(132,082)
Currency translation difference	(10)	-	-	(10)	1,584
At 31 March	405,305	-	-	405,305	525,324
In KHR'000 equivalent (Note 4)	1,639,459	-	-	1,639,459.000	2,124,936

(h) Covid-19 Outbreak and Impact on ECL

The Covid-19 outbreak on the economic growth resulting the economic variables that are used in the models are out of the bounds for which CIFRS 9 models have been built and recalibrated to operate. Furthermore, the current government support programs and regulatory on loan restructuring, designed to mitigate the adverse impact of Covid-19 and related economic consequences, have partially been factored into the modelling. This results CIFRS 9 models under the current economic conditions could not measure the accurate outcomes. Hence, the post-model overlays based on a sensitive analysis and the Group's and the Bank's senior management's judgment are necessary to reflect ECL in a way to avoid underestimation or overestimation in these conditions.

Models will be recalibrated over time in order to overcome observed impacts of Covid-19. Therefore, we anticipate significant post-model adjustments over 2021 and for the foreseeable future when the economy resumes positive GDP growth.

The Group and the Bank also perform the identification and periodic review of customers experiencing increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues, or have extended those deferrals, given limitations in the available credit information on these customers.

35. Financial risk management (continued)

35.1 Credit risk (continued)

(h) Covid-19 Outbreak and Impact on ECL (continued)

Economic forecasts are subject to high degree of uncertainty in the current environment. This have resulted the forecasts and economic models may not be applicable. This requires a greater reliance on the forecast by the NBC, Ministry of Economics and Finance, World Bank, or Asia Development Bank to incorporate into the analysis and assessment of ECL outcomes.

The Group and the Bank also generate three economic scenarios to reflect economic conditions, starting with baseline, good, and bad. Each scenario is consistent with a probability of 55%, 20% and 25%, according to the decision of the Group’s and the Bank’s senior management since Covid-19 outbreak in March 2020.

35.2 Market risk

The Group and the Bank take on exposure to market risk, which is the risk of changes in the level or volatility of market rates or prices such as interest rates, , foreign currency exchange rates, commodity prices and equity prices that could adversely affect the Group’s and the Bank’s future earnings, capital, or ability to meet business objectives.

The primary categories of market risk for the Group and the Bank are:

(i) Interest rate risk: can lead to losses when there is an imbalance between assets and liabilities on which interest rates change periodically or at different intervals.

(ii) Foreign exchange rate risk: can lead to losses when there is an imbalance between assets and liabilities in any particular currency.

(iii) Commodity risk and equity risk is not applicable at the moment given that the Bank does not hold any commodity or equity position.

The BRIC is established by the Board of Directors to assist in the effective discharge of its responsibilities for risk management and to regularly review Management's ability to assess and manage the Bank's risks. The market risk is managed based on the following principles and internal targets.

35. Financial risk management (continued)

35.2 Market risk (continued)

Principles of the market risk:

- In line with sound banking principles the Group and the Bank will actively manage currencies and interest rate risk positions to hedge positions by matching assets and liabilities.
- The Group and the Bank shall not engage in activities to derive income from proprietary trading or speculation on the movements of exchange rates, interest rates or value of securities.
- The position limits as set by the central banks are meant to limit the adverse impact of market risk and are not meant to create an opportunity for proprietary trading.
- The day to day responsibility for market risk lies with the senior management of the treasury group.

Internal targets of the market risk:

- The regulatory limits on foreign exchange currency mismatch per currency and cumulative should be observed at all times.
- The Bank will have, at all times, internal targets that are lower than the regulatory limits to allow for a safety margin to ensure permanent full compliance with regulatory limits.
- Setting the level of the internal targets is at the discretion of the Assets and Liabilities Committee ("ALCO") and needs to be both 1) stated and motivated in the ALCO minutes and 2) formally approved by the President & Group Managing Director.
- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance to the targets. Any breaches of internal targets should be reported to the ALCO and President & Group Managing Directors.
- Any change in level of internal targets will need to be reported by e-mail to the Chair of the BRIC on the same day the change has been made.
- At all time, the Bank will have a contingency plan to be executed when it is perceived by the President & Group Managing Director that the safety margin may not be sufficient and there is a risk that the regulatory limit on foreign exchange currency mismatch could be reached. Such contingency plan should be sufficient to ensure that the regulatory limits on foreign exchange currency mismatch will not be breached.

As of 31 March 2021 and 31 December 2020, the Group and the Bank did not have financial instruments carried at fair value. The Group uses derivative financial instruments such as foreign exchange contract and interest rate swaps to hold its risk exposures.

35. Financial risk management (continued)

35.2 Market risk (continued)

(i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of the changes in the market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise.

The Group's and the Bank's interest rate risk arise from borrowings and subordinated debt . Borrowings issued at variable rates expose the Group and the Bank to cash flow interest rate risk. The Group and the Bank manage cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates and recognising the interest expense based on that fixed interest rate. The Group and the Bank raise borrowings at floating rates and swaps them into fixed rate that are lower than those available if the Group and the Bank borrowed at fixed rates directly. Under the interest rate swaps, the Group agreed with other parties to exchange, at specified intervals (primarily semi-annually), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amounts.

The table below summarises the Group's and the Bank's exposure to interest rate risks. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

35. Financial risk management (continued)

35.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Group						
	Up to 1 month US$	1 - 3 months US$	3 - 12 months US$	1 - 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$
As at 31 March 2021							
Financial assets							
Cash on hand	-	-	-	-	-	550,058,552	550,058,552
Deposits and placements with other banks	157,321,227	45,249,691	4,000,000	-	-	426,661,636	633,232,554
Financial investments	448,196,879	297,497	150,000	-	-	163,978	448,808,354
Loans and advances, net							
- Performing	121,013,805	257,865,272	857,794,655	2,897,641,744	525,962,058	-	4,660,277,534
- Non performing	-	-	-	-	-	106,904,640	106,904,640
- Loss allowance	-	-	-	-	-	(38,038,439)	(38,038,439)
Other assets	-	-	-	-	-	5,896,206	5,896,206
Total financial assets	726,531,911	303,412,460	861,944,655	2,897,641,744	525,962,058	1,051,646,573	6,367,139,401
Financial liabilities							
Deposits and placements of other banks and financial institutions	52,239,532	14,002,611	103,605,840	25,091,761	74,249,091	122,585,594	391,774,429
Deposits from customers	1,994,234,365	245,196,989	1,052,452,850	575,741,066	17,444,128	678,590,049	4,563,659,447
Other liabilities	-	-	-	-	-	52,117,044	52,117,044
Lease liabilities	983,654	1,584,924	7,287,144	16,162,229	1,879,281	-	27,897,232
Borrowings	4,436,497	2,560,425	108,556,780	403,355,858	4,144,229	3,061,593	526,115,382
Subordinated debts	-	-	10,973,591	105,709,590	50,040,621	3,225,723	169,949,525
Total financial liabilities	2,051,894,048	263,344,949	1,282,876,205	1,126,060,504	147,757,350	859,580,003	5,731,513,059
Net interest sensitivity gap	(1,325,362,137)	40,067,511	(420,931,550)	1,771,581,240	378,204,708	192,066,570	635,626,342
In KHR'000 equivalent (Note 4)	(5,361,089,844)	162,073,082	(1,702,668,120)	7,166,046,116	1,529,838,044	776,909,276	2,571,108,554
Unused portion of overdrafts	-	-	-	-	-	135,738,672	135,738,672
Guarantees, acceptances and other financial facilities	-	-	-	-	-	58,425,273	58,425,273
Net interest sensitivity gap	-	-	-	-	-	194,163,945	194,163,945
In KHR'000 equivalent (Note 4)	-	-	-	-	-	785,393,157	785,393,157

35. Financial risk management (continued)

35.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Group						
	Up to 1 month US$	1 - 3 months US$	3 - 12 months US$	1 - 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$
As at 31 December 2020							
Financial assets							
Cash on hand	-	-	-	-	-	412,759,051	412,759,051
Deposits and placements with other banks	234,738,355	4,076,310	-	-	-	295,838,481	534,653,146
Financial investments	566,138,442	-	372,497	-	-	163,584	566,674,523
Loans and advances, net							
- Performing	114,672,830	239,865,582	845,044,589	2,744,589,864	454,249,545	-	4,398,422,410
- Non performing	-	-	-	-	-	108,220,753	108,220,753
- Loss allowance	-	-	-	-	-	(35,342,545)	(35,342,545)
Other assets	-	-	-	-	-	6,921,852	6,921,852
Total financial assets	915,549,627	243,941,892	845,417,086	2,744,589,864	454,249,545	788,561,176	5,992,309,190
Financial liabilities							
Deposits and placements of other banks and financial institutions	68,526,232	8,347,174	40,716,070	18,855,000	71,556,029	109,008,954	317,009,459
Deposits from customers	1,998,279,203	254,562,597	923,043,532	532,634,286	21,296,683	564,469,747	4,294,286,048
Other liabilities	-	-	-	-	-	28,699,228	28,699,228
Lease liabilities	1,722,414	1,483,344	7,104,107	16,334,766	1,973,271	-	28,617,902
Borrowings	1,784,756	74,857,377	121,085,450	332,042,951	5,860,858	6,767,524	542,398,916
Subordinated debts	-	-	10,973,591	98,753,000	56,997,210	434,822	167,158,623
Total financial liabilities	2,070,312,605	339,250,492	1,102,922,750	998,620,003	157,684,051	709,380,275	5,378,170,176
Net interest sensitivity gap	(1,154,762,978)	(95,308,600)	(257,505,664)	1,745,969,861	296,565,494	79,180,901	614,139,014
In KHR'000 equivalent (Note 4)	(4,671,016,246)	(385,523,287)	(1,041,610,411)	7,062,448,088	1,199,607,423	320,286,745	2,484,192,312
Unused portion of overdrafts	-	-	-	-	-	120,937,607	120,937,607
Guarantees, acceptances and other financial facilities	-	-	-	-	-	54,900,984	54,900,984
Net interest sensitivity gap	-	-	-	-	-	175,838,591	175,838,591
In KHR'000 equivalent (Note 4)	-	-	-	-	-	711,267,100	711,267,100

35. Financial risk management (continued)
35.2 Market risk (continued)

(i) *Interest rate risk (continued)*

	The Bank						
	Up to 1 month US$	1 - 3 months US$	3 - 12 months US$	1 - 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$
As at 31 March 2021							
Financial assets							
Cash on hand	-	-	-	-	-	535,885,902	535,885,902
Deposits and placements with other banks, net	157,821,227	45,249,691	4,000,000	-	-	402,047,876	609,118,794
Financial investments	448,196,879	297,497	150,000	-	-	163,978	448,808,354
Loans and advances, net							
- Performing	112,610,872	241,262,692	805,124,235	2,804,515,919	521,699,825	-	4,485,213,543
- Non performing	-	-	-	-	-	98,552,263	98,552,263
- Loss allowance	-	-	-	-	-	(28,927,474)	(28,927,474)
Other assets	-	-	-	-	-	5,894,824	5,894,824
Total financial assets	718,628,978	286,809,880	809,274,235	2,804,515,919	521,699,825	1,013,617,369	6,154,546,206
Financial liabilities							
Deposits and placements of other banks and financial institutions	46,769,576	7,602,122	93,197,591	24,985,446	74,249,091	125,918,369	372,722,195
Deposits from customers	1,955,878,927	238,169,100	1,024,301,337	555,181,180	12,064,913	671,399,106	4,456,994,563
Other liabilities	-	-	-	-	-	52,054,526	52,054,526
Lease liabilities	929,235	1,515,143	6,841,280	15,029,225	840,530	-	25,155,413
Borrowings	193,799	1,642,186	90,571,097	394,149,579	3,203,252	2,555,491	492,315,404
Subordinated debts	-	-	10,973,591	105,709,590	50,040,621	3,225,723	169,949,525
Total financial liabilities	2,003,771,537	248,928,551	1,225,884,896	1,095,055,020	140,398,407	855,153,215	5,569,191,626
Net interest sensitivity gap	(1,285,142,559)	37,881,329	(416,610,661)	1,709,460,899	381,301,418	158,464,154	585,354,580
In KHR'000 equivalent (Note 4)	(5,198,401,651)	153,229,976	(1,685,190,124)	6,914,769,337	1,542,364,236	640,987,502	2,367,759,276
Unused portion of overdrafts	-	-	-	-	-	135,348,281	135,348,281
Guarantees, acceptances and other financial facilities	-	-	-	-	-	58,145,555	58,145,555
Net interest sensitivity gap	-	-	-	-	-	193,493,836	193,493,836
In KHR'000 equivalent (Note 4)	-	-	-	-	-	782,682,567	782,682,567

35. Financial risk management (continued)

35.2 Market risk (continued)

(i) Interest rate risk (continued)

	The Bank						
	Up to 1 month US$	1 - 3 months US$	3 - 12 months US$	1 - 5 years US$	Over 5 years US$	Non-interest bearing US$	Total US$
As at 31 December 2020							
Financial assets							
Cash on hand	-	-	-	-	-	400,816,126	400,816,126
Deposits and placements with other banks, net	234,700,199	3,000,000	-	-	-	269,929,208	507,629,407
Financial investments	566,138,442	-	372,497	-	-	163,584	566,674,523
Loans and advances, net							
- Performing	105,939,266	220,918,625	787,952,910	2,656,562,739	451,329,271	-	4,222,702,811
- Non performing	-	-	-	-	-	101,155,737	101,155,737
- Loss allowance	-	-	-	-	-	(31,209,389)	(31,209,389)
Other assets	-	-	-	-	-	6,923,222	6,923,222
Total financial assets	906,777,907	223,918,625	788,325,407	2,656,562,739	451,329,271	747,778,488	5,774,692,437
Financial liabilities							
Deposits and placements of other banks and financial institutions	67,683,651	6,356,000	22,429,557	18,855,000	71,556,029	109,884,317	296,764,554
Deposits from customers	1,955,317,026	246,232,704	896,537,310	511,760,130	17,564,763	552,856,804	4,180,268,737
Other liabilities	-	-	-	-	-	28,488,959	28,488,959
Lease liabilities	1,620,943	1,443,572	6,647,364	15,123,119	937,387	-	25,772,385
Borrowings	193,560	71,157,818	107,238,207	318,846,331	3,753,850	6,163,150	507,352,916
Subordinated debts	-	-	10,973,591	98,753,000	56,997,210	434,822	167,158,623
Total financial liabilities	2,024,815,180	325,190,094	1,043,826,029	963,337,580	150,809,239	697,828,052	5,205,806,174
Net interest sensitivity gap	(1,118,037,273)	(101,271,469)	(255,500,622)	1,693,225,159	300,520,032	49,950,436	568,886,263
In KHR'000 equivalent (Note 4)	(4,522,460,769)	(409,643,092)	(1,033,500,016)	6,849,095,768	1,215,603,529	202,049,515	2,301,144,935
Unused portion of overdrafts	-	-	-	-	-	120,108,962	120,108,962
Guarantees, acceptances and other financial facilities	-	-	-	-	-	54,694,480	54,694,480
Net interest sensitivity gap	-	-	-	-	-	174,803,442	174,803,442
In KHR'000 equivalent (Note 4)	-	-	-	-	-	707,079,923	707,079,923

35. Financial risk management (continued)

35.2 Market risk (continued)

(i) Interest rate risk (continued)

Fair value sensitivity analysis for fixed-rate instruments

The Group and the Bank do not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect statement of profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

Statement of profit or loss is sensitive to higher/lower interest expenses from borrowings as a result of changes in interest rates. The change of 25 basis points ("bp") in interest rates of borrowings at the reporting date would not have material effect on statement of profit or loss of the Group and the Bank.

(ii) Foreign exchange risk

The Group operates in Cambodia, Lao PDR, and Republic of the Union of Myanmar and transacts in many currencies. It is exposed to various currency risks, primarily with respect to Khmer Riel, Euro, Thai Baht, LAK, JPY, AUD, VND, CAD, Kyats and others.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's and the Bank's functional currency.

Management monitors their foreign exchange risk against functional currencies. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group use forward contracts.

The table below summarises the Group's and the Bank's exposure to foreign currency exchange rate risk as at 31 March 2021 and 31 December 2020. Included in the table are the financial instruments at carrying amount by currency in US$ equivalent.

35. Financial risk management (continued)

35.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Group In US$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
As at 31 March 2021								
Financial assets								
Cash on hand	121,735,685	399,726,699	13,376,866	2,929,362	452,087	7,841,300	3,996,553	550,058,552
Deposits and placements with other banks, net	127,560,074	482,368,568	7,869,286	819,160	47,917	12,202,221	2,365,328	633,232,554
Financial investments	24,947,283	423,861,071	-	-	-	-	-	448,808,354
Loans and advances, net	655,053,212	3,868,492,698	26,571,470	-	-	147,959,711	31,066,644	4,729,143,735
Other assets	261,718	5,575,236	6	-	-	59,246	-	5,896,206
Total financial assets	929,557,972	5,180,024,272	47,817,628	3,748,522	500,004	168,062,478	37,428,525	6,367,139,401
Financial liabilities								
Deposits and placements of other banks and financial institutions	37,595,852	331,157,138	172,138	-	-	22,849,301	-	391,774,429
Deposits from customers	878,220,451	3,539,637,022	44,424,604	3,554,537	-	93,885,366	3,937,467	4,563,659,447
Other liabilities	2,433,344	49,169,386	41,124	189,465	-	93,099	190,626	52,117,044
Lease liabilities	-	27,254,588	121,317	-	-	391,795	129,532	27,897,232
Borrowings	40,085,984	462,640,932	-	-	-	13,291,532	10,096,934	526,115,382
Subordinated debts	-	169,949,525	-	-	-	-	-	169,949,525
Total financial liabilities	958,335,631	4,579,808,591	44,759,183	3,744,002	-	130,511,093	14,354,559	5,731,513,059
Net on-balance sheet position	(28,777,659)	600,215,681	3,058,445	4,520	500,004	37,551,385	23,073,966	635,626,342
In KHR'000 equivalent (Note 4)	(116,405,631)	2,427,872,430	12,371,410	18,283	2,022,516	151,895,352	93,334,194	2,571,108,554
Unused portion of overdrafts	1,589,591	132,743,610	1,015,080	-	-	390,391	-	135,738,672
Guarantees, acceptances and other financial facilities	4,628,967	49,859,702	2,713,538	322,476	-	278,355	622,235	58,425,273
Credit commitment	6,218,558	182,603,312	3,728,618	322,476	-	668,746	622,235	194,163,945
In KHR'000 equivalent (Note 4)	25,154,067	738,630,397	15,082,260	1,304,415	-	2,705,078	2,516,940	785,393,157

35. Financial risk management (continued)

35.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Group							
	In US$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
As at 31 December 2020								
Financial assets								
Cash on hand	103,488,247	284,892,098	12,247,160	2,967,502	226,620	7,446,734	1,490,690	412,759,051
Deposits and placements with other banks	78,882,898	431,103,914	4,323,331	1,200,340	78,488	15,945,738	3,118,437	534,653,146
Financial investments	32,362,619	534,311,904	-	-	-	-	-	566,674,523
Loans and advances net	605,355,296	3,653,522,729	27,594,434	-	-	140,856,509	43,971,650	4,471,300,618
Other assets	112,607	6,661,885	23,341	-	-	124,019	-	6,921,852
Total financial assets	820,201,667	4,910,492,530	44,188,266	4,167,842	305,108	164,373,000	48,580,777	5,992,309,190
Financial liabilities								
Deposits and placements of other banks and financial institutions	34,696,856	260,231,181	272,131	-	-	21,809,291	-	317,009,459
Deposits from customers	731,620,195	3,415,853,729	39,841,991	3,824,001	-	94,515,122	8,631,010	4,294,286,048
Other liabilities	1,156,153	27,287,797	34,800	112,286	-	96,196	11,996	28,699,228
Lease liabilities	-	27,913,335	141,356	-	-	410,237	152,974	28,617,902
Borrowings	40,101,721	477,440,120	-	-	-	10,910,412	13,946,663	542,398,916
Subordinated debts	-	167,158,623	-	-	-	-	-	167,158,623
Total financial liabilities	807,574,925	4,375,884,785	40,290,278	3,936,287	-	127,741,258	22,742,643	5,378,170,176
Net on-balance sheet position	12,626,742	534,607,745	3,897,988	231,555	305,108	36,631,742	25,838,134	614,139,014
In KHR'000 equivalent (Note 4)	51,075,171	2,162,488,329	15,767,361	936,640	1,234,162	148,175,396	104,515,253	2,484,192,312
Unused portion of overdrafts	2,331,747	116,705,275	1,071,940	-	-	828,645	-	120,937,607
Guarantees, acceptances and other financial facilities	5,551,196	45,784,145	2,810,817	349,515	-	205,141	200,170	54,900,984
Credit commitment	7,882,943	162,489,420	3,882,757	349,515	-	1,033,786	200,170	175,838,591
In KHR'000 equivalent (Note 4)	31,886,504	657,269,704	15,705,752	1,413,788	-	4,181,664	809,688	711,267,100

35. Financial risk management (continued)

35.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Bank							
	In US$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
As at 31 March 2021								
Financial assets								
Cash on hand	121,724,764	397,795,572	11,408,134	2,928,621	452,013	3,296	1,573,502	535,885,902
Deposits and placements with other banks	127,560,075	479,402,497	609,971	819,160	47,917	-	679,174	609,118,794
Financial investments	24,947,283	423,861,071	-	-	-	-	-	448,808,354
Loans and advances net	655,053,212	3,873,213,650	26,571,470	-	-	-	-	4,554,838,332
Other assets	261,719	5,633,099	6	-	-	-	-	5,894,824
Total financial assets	929,547,053	5,179,905,889	38,589,581	3,747,781	499,930	3,296	2,252,676	6,154,546,206
Financial liabilities								
Deposits and placements of other banks and financial institutions	37,595,852	334,686,002	440,341	-	-	-	-	372,722,195
Deposits from customers	878,492,996	3,541,058,787	33,888,243	3,554,537	-	-	-	4,456,994,563
Other liabilities	2,428,603	49,228,670	40,778	189,465	-	-	167,010	52,054,526
Lease liabilities	-	25,155,413	-	-	-	-	-	25,155,413
Borrowings	40,085,984	452,229,420	-	-	-	-	-	492,315,404
Subordinated debts	-	169,949,525	-	-	-	-	-	169,949,525
Total financial liabilities	958,603,435	4,572,307,817	34,369,362	3,744,002	-	-	167,010	5,569,191,626
Net on-balance sheet position	(29,056,382)	607,598,072	4,220,219	3,779	499,930	3,296	2,085,666	585,354,580
In KHR'000 equivalent (Note 4)	(117,533,065)	2,457,734,201	17,070,786	15,286	2,022,217	13,332	8,436,519	2,367,759,276
Unused portion of overdrafts	1,589,591	132,743,610	1,015,080	-	-	-	-	135,348,281
Guarantees, acceptances and other financial facilities	4,628,967	49,858,339	2,713,538	322,476	-	-	622,235	58,145,555
Credit commitment	6,218,558	182,601,949	3,728,618	322,476	-	-	622,235	193,493,836
In KHR'000 equivalent (Note 4)	25,154,067	738,624,884	15,082,260	1,304,415	-	-	2,516,941	782,682,567

35. Financial risk management (continued)

35.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Bank							
	In US$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
As at 31 December 2020								
Financial assets								
Cash on hand	103,480,325	283,028,828	9,927,044	2,965,106	226,023	3,227	1,185,573	400,816,126
Deposits and placements with other banks	78,882,898	426,153,616	613,723	1,200,340	78,488	-	700,342	507,629,407
Financial investments	32,362,619	534,311,904	-	-	-	-	-	566,674,523
Loans and advances net	605,355,297	3,659,699,428	27,594,434	-	-	-	-	4,292,649,159
Other assets	111,994	6,811,221	7	-	-	-	-	6,923,222
Total financial assets	820,193,133	4,910,004,997	38,135,208	4,165,446	304,511	3,227	1,885,915	5,774,692,437
Financial liabilities								
Deposits and placements of other banks and financial institutions	34,696,856	261,794,286	273,412	-	-	-	-	296,764,554
Deposits from customers	731,889,478	3,411,404,278	33,150,980	3,824,001	-	-	-	4,180,268,737
Other liabilities	1,150,276	27,196,955	29,335	112,286	-	-	107	28,488,959
Lease liabilities	-	25,772,385	-	-	-	-	-	25,772,385
Borrowings	40,101,721	467,251,195	-	-	-	-	-	507,352,916
Subordinated debts	-	167,158,623	-	-	-	-	-	167,158,623
Total financial liabilities	807,838,331	4,360,577,722	33,453,727	3,936,287	-	-	107	5,205,806,174
Net on-balance sheet position	12,354,802	549,427,275	4,681,481	229,159	304,511	3,227	1,885,808	568,886,263
In KHR'000 equivalent (Note 4)	49,975,174	2,222,433,327	18,936,591	926,948	1,231,747	13,053	7,628,095	2,301,144,935
Unused portion of overdrafts	2,331,747	116,705,275	1,071,940	-	-	-	-	120,108,962
Guarantees, acceptances and other financial facilities	5,551,196	45,782,782	2,810,817	349,515	-	-	200,170	54,694,480
Credit commitment	7,882,943	162,488,057	3,882,757	349,515	-	-	200,170	174,803,442
In KHR'000 equivalent (Note 4)	31,886,504	657,264,191	15,705,752	1,413,788	-	-	809,688	707,079,923

35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

Sensitivity analysis

The Group and the Bank is exposed to changes in US dollar and other foreign currencies exchange rate. Due to a reasonably possible strengthening (weakening) of the US dollar against foreign currencies, the Group and the Bank's exposure to other foreign exchange movement is not material.

35.3 Liquidity risk

Liquidity risk is the risk that the Group and the Bank is unable to meet its obligations or payment or offset positions in a given economic and financial context and specific market situation. Typically, it is the risk of loss arising from situation where 1) the Group and the Bank do not have enough cash and/or cash equivalents to meet the needs of depositors, borrowers, and contingent liabilities, 2) the sale of non-liquid assets are lower than market price, and 3) non-liquid assets would not be sold at the desired time due to the lack of buyers.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To the date of this report, the Group's liquidity and funding management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Due to its large distribution network and strategic marketing focus, the Group is able to maintain a diversified core deposit base comprising of savings, demand, and fixed deposits. This provides the Group of a large stable funding base.

(a) Liquidity risk management process

The day-to-day responsibility for liquidity risk management and control is delegated to the ALCO which reports monthly to the executive committee.

For day-to-day liquidity management, the treasury operations division will ensure sufficient funding to meet its payment and settlement obligations on a timely basis. The process of managing liquidity risk also includes the following:

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Principles of the liquidity risk:

- At all times the related senior management of the Treasury Department shall ensure that the Bank's operations can meet its current and future funding needs. The Treasury Department shall stress-test its liquidity position on a daily basis.

- The related senior management of Treasury Department has established a risk control framework and procedures to ensure it maintains sufficient liquidity at all times, including the holding of unencumbered eligible assets, to withstand a range of stress events, including the loss of funding sources such as deposits, borrowings, capital raising that liquidity risk is managed in accordance with the requirements of the Board.

- Stress testing is performed regularly to assess various scenarios includes short, medium and long-term, institution-specific and market-wide stress which may put the Bank's liquidity at risk.

- The Treasury Department identifies, monitors, manages and controls the risk associated daily liquidity as well as short, medium and long-term liquidity as these are key periods for liquidity management. The Treasury Department develops and implements stress tests on the projected cash flows. The outputs are used to inform the Bank's contingency funding plan.

- The Bank incorporates liquidity cost, benefits and risks in the internal pricing, performance measurement, and new products/services approval process for all significant business activities (both on and off balance sheet) in order to align with the benefits from accepting risks of each business unit and liquidity risks affecting the business activities of the Bank.

Internal targets of the liquidity risk:

- The regulatory limit on the Liquidity Coverage Ratio (LCR) should be observed at all times.

- The Bank will have, at all times, an internal targets that is higher than the regulatory limit to allow for a safety margin to ensure permanent full compliance with regulatory limit.

- Setting the level of the internal targets is at the discretion of the ALCO and needs to be both 1) stated and motivated in the ALCO minutes and 2) formally approved by the President & Group Managing Director.

- The risk tolerance/internal targets must be reviewed at least once a year to reflect the financial condition and the funding mobilization capacity

- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance to the targets. Any breaches of internal targets should be reported to the ALCO for remedial actions and President & Group Managing Director for approval.

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Internal targets of the liquidity risk: (continued)

- Any change level of internal targets will need to be reported by e-mail to the Chair of the BRIC on the same day the change has been made.
- At all time, the Bank will have a contingency plan to be executed when it is perceived by the Bank that the safety margin may not be sufficient and there is a risk that the regulatory limit on liquidity could be breached. Such contingency plan should be sufficient to ensure that the regulatory limits on liquidity will not be breached.
- In case, the Bank experiences a severe liquidity, the Bank must immediately notify NBC and advise the action that is being taken to address the situation.

The Bank has put in place a robust and comprehensive liquidity risk management framework in accordance with National Bank of Cambodia's Prakas No. B7-017-301 dated on 27 September 2017 on Liquidity Risk Management Framework (LRMF), which consists of risk appetite, risk tolerance, policies, early warning indicators, and monitoring mechanism which are reviewed and endorsed by BRMC and approved by the Board. The key elements of the framework are to ensure that the Bank maintains sufficient liquidity at all times, including the holding of unencumbered eligible assets, to withstand a range of stress events, including the loss of funding sources, either internally (as with deposits) or externally (as with borrowings or raising additional capital), and other issues. The Bank ensures that the business activities are mainly funded with stable sources of funding on an ongoing basis.

The Management designs a set of early warning indicators to aid its daily liquidity risk management processes in identifying the emergence of increased risk or vulnerabilities in its liquidity risk position or potential funding needs.

The Bank’s contingency liquidity plan (CLP) is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The objective of contingency liquidity plan is to ensure that the bank has a framework for managing the liquidity sufficiently and robustly in the event of liquidity crisis based on the result of liquidity stress testing.

The Group is measuring, monitoring and managing its liquidity positions to comply with the regulatory Liquidity Coverage Ratio (LCR). The Bank shall calculate Liquidity Coverage Ratio (LCR) using new reporting template from 1 January 2016 via a phase-in period until fully comply by 1 January 2020. The Bank shall, at all time, maintain an adequate stock of eligible liquid assets to fulfil the LCR limits as determined in accordance with the following timeline:

With effect from	1 September 2016	1 September 2017	1 September 2018	1 June 2019	1 January 2020
Minimum LCR	60%	70%	80%	90%	100%

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

The purpose of the LCR aims at promoting short-term resilience of each institution's liquidity risk profile, ensuring that each institution has an adequate stock of unencumbered liquid assets that can be converted into cash at no or little loss of value in markets, to meet its liquidity needs for a 30-day liquidity stress scenario, and ensuring that prompt corrective actions are taken by the institution's management when the LCR potentially falls below the minimum requirement.

The Bank also uses a range of tools such as liquidity ratio, liquidity gap analysis, safety margin, and monthly cash flow projection to measure, monitor and manage its liquidity positions. In addition, The Bank also performs daily and monthly liquidity stress test in order to identify and quantify its exposures to possible future liquidity stresses, analysing possible impacts on the Bank's cash flows, liquidity position, profitability and solvency.

(b) Funding approach

The Group's main sources of liquidities arise from shareholder's paid-up capital, borrowings, subordinated debts, deposits and placements of other banks and financial institutions and deposits from customers. The sources of liquidity are regularly reviewed via the Management's daily review of maturity of fixed deposits and key depositors. The Group's Borrowings and subordinated debts are also regularly reviewed via Management's daily review of interest and principal repayments and maturity.

(c) Non-derivative cash flows

The table below presents the cash flows payable under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on contractual undiscounted cash flows.

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Group						
	Up to 1 month US$	1 to 3 months US$	3 to 6 months US$	6 to 12 months US$	1 to 5 years US$	Over 5 years US$	Total US$
As at 31 March 2021							
Financial liabilities							
Deposits and placements of other banks and financial institutions	173,051,365	15,062,566	26,553,849	84,402,476	48,449,860	106,706,685	454,226,801
Deposits from customers	2,641,055,160	262,153,009	354,677,676	772,634,986	639,058,487	21,859,620	4,691,438,938
Other liabilities	51,837,540	39,750	71,887	167,867	-	-	52,117,044
Lease liabilities	983,925	1,599,496	2,747,216	4,832,146	18,944,257	4,660,404	33,767,444
Borrowings	4,537,891	5,653,629	61,845,787	71,127,625	432,658,443	4,185,957	580,009,332
Subordinated debts	-	4,606,387	1,187,014	16,778,903	135,848,898	60,499,885	218,921,087
Total financial liabilities (contractual maturity dates)	2,871,465,881	289,114,837	447,083,429	949,944,003	1,274,959,945	197,912,551	6,030,480,646
In KHR'000 equivalent (Note 4)	11,615,079,489	1,169,469,516	1,808,452,470	3,842,523,492	5,157,212,978	800,556,269	24,393,294,214
Assets held for managing liquidity risk (contractual maturity dates)	1,751,378,493	386,826,010	427,201,029	759,924,285	3,639,362,316	698,056,394	7,662,748,527
In KHR'000 equivalent (Note 4)	7,084,326,004	1,564,711,210	1,728,028,162	3,073,893,733	14,721,220,568	2,823,638,114	30,995,817,791
As at 31 December 2020							
Financial liabilities							
Deposits and placements of other banks and financial institutions	175,970,349	9,215,069	13,017,546	33,584,422	40,747,725	103,351,755	375,886,866
Deposits from customers	2,531,089,539	272,332,376	336,468,086	653,630,934	592,339,778	25,243,282	4,411,103,995
Other liabilities	28,620,226	63,785	12,677	2,540	-	-	28,699,228
Lease liabilities	1,170,306	1,535,260	2,503,107	5,053,229	20,581,294	3,816,462	34,659,658
Borrowings	3,385,091	64,831,199	10,292,464	67,477,276	445,672,141	5,985,745	597,643,916
Subordinated debts	-	45,834	4,558,596	16,776,922	127,967,578	69,556,379	218,905,309
Total financial liabilities (contractual maturity dates)	2,740,235,511	348,023,523	366,852,476	776,525,323	1,227,308,516	207,953,623	5,666,898,972
In KHR'000 equivalent (Note 4)	11,084,252,642	1,407,755,151	1,483,918,265	3,141,044,932	4,964,462,947	841,172,405	22,922,606,342
Assets held for managing liquidity risk (contractual maturity dates)	1,669,790,664	317,803,320	423,641,084	718,599,200	3,405,850,353	620,482,217	7,156,166,838
in KHR'000 equivalent (Note 4)	6,754,303,236	1,285,514,429	1,713,628,185	2,906,733,764	13,776,664,678	2,509,850,568	28,946,694,860

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Bank						
	Up to 1 month US$	1 to 3 months US$	3 to 6 months US$	6 to 12 months US$	1 to 5 years US$	Over 5 years US$	Total US$
As at 31 March 2021							
Financial liabilities							
Deposits and placements of other banks and financial institutions	171,559,581	8,320,170	20,841,431	79,016,046	48,324,356	106,706,685	434,768,269
Deposits from customers	2,596,808,121	254,440,849	343,846,691	752,563,833	614,502,712	14,247,197	4,576,409,403
Other liabilities	51,835,901	39,750	59,625	119,250	-	-	52,054,526
Lease liabilities	929,501	1,528,898	2,544,518	4,571,407	17,615,358	1,260,958	28,450,640
Borrowings	205,769	3,745,578	55,526,062	57,672,930	421,428,365	3,203,252	541,781,956
Subordinated debts	-	4,606,387	1,187,014	16,778,903	135,848,898	60,499,885	218,921,087
Total financial liabilities (contractual maturity dates)	2,821,338,872	272,681,632	424,005,341	910,722,369	1,237,719,689	185,917,977	5,852,385,880
In KHR'000 equivalent (Note 4)	11,412,315,737	1,102,997,201	1,715,101,604	3,683,871,983	5,006,576,142	752,038,217	23,672,900,884
Assets held for managing liquidity risk (contractual maturity dates)	1,702,040,246	365,452,296	399,475,485	718,919,786	3,520,640,630	693,411,519	7,399,939,962
In KHR'000 equivalent (Note 4)	6,884,752,795	1,478,254,537	1,615,878,337	2,908,030,534	14,240,991,348	2,804,849,594	29,932,757,145
As at 31 December 2020							
Financial liabilities							
Deposits and placements of other banks and financial institutions	176,671,075	7,124,445	2,186,170	25,015,940	40,747,725	103,351,754	355,097,109
Deposits from customers	2,477,890,696	263,366,379	325,733,156	635,073,701	567,433,640	19,756,459	4,289,254,031
Other liabilities	28,434,359	54,600	-	-	-	-	28,488,959
Lease liabilities	1,082,083	1,494,995	2,374,137	4,704,387	18,888,896	655,929	29,200,427
Borrowings	1,442,209	60,301,229	3,999,653	58,135,533	430,242,996	3,753,850	557,875,470
Subordinated debts	-	45,834	4,558,596	16,776,922	127,967,578	69,556,379	218,905,309
Total financial liabilities (contractual maturity dates)	2,685,520,422	332,387,482	338,851,712	739,706,483	1,185,280,835	197,074,370	5,478,821,304
In KHR'000 equivalent (Note 4)	10,862,930,107	1,344,507,365	1,370,655,175	2,992,112,724	4,794,460,978	797,165,827	22,161,832,176
Assets held for managing liquidity risk (contractual maturity dates)	1,622,393,307	296,587,899	398,341,665	685,014,808	3,318,881,281	614,987,111	6,936,206,071
In KHR'000 equivalent (Note 4)	6,562,580,927	1,199,698,051	1,611,292,035	2,770,884,898	13,424,874,782	2,487,622,864	28,056,953,557

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

(d) Off-balance sheet items

i. *Loan commitments and guarantee*

The dates of the contractual amounts of the Group's and the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 32) are summarised in table below:

	The Group					
	Up to 1 month US$	1 to 3 months US$	3 to 12 months US$	1 to 5 years US$	Over 5 years US$	Total US$
At 31 March 2021						
Unused portion of overdrafts	135,738,672	-	-	-	-	135,738,672
Bank guarantees	2,437,069	7,672,004	21,414,193	14,970,619	-	46,493,885
Letters of credit	1,756,474	8,279,768	1,895,146	-	-	11,931,388
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(101,681)	(467,781)	(1,022,822)	(9,791)	(1,602,075)
- Outflow	-	571,705	2,078,906	4,204,315	22,020	6,876,946
Net	-	470,024	1,611,125	3,181,493	12,229	5,274,871
Total	139,932,215	16,421,796	24,920,464	18,152,112	12,229	199,438,816

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

(d) Off-balance sheet items (continued)

i. Loan commitments and guarantee (continued)

	The Group					
	Up to 1 month US$	1 to 3 months US$	3 to 12 months US$	1 to 5 years US$	Over 5 years US$	Total US$
At 31 December 2020						
Unused portion of overdrafts	120,937,607	-	-	-	-	120,937,607
Bank guarantees	2,525,862	8,901,002	20,652,127	14,959,175	-	47,038,166
Letters of credit	2,025,994	5,528,555	308,269	-	-	7,862,818
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(55,905)	(497,068)	(1,022,263)	(7,569)	(1,582,805)
- outflow	-	526,497	2,200,304	4,501,866	12,583	7,241,250
Net	-	470,592	1,703,236	3,479,603	5,014	5,658,445
Total	125,489,463	14,900,149	22,663,632	18,438,778	5,014	181,497,036

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

(d) Off-balance sheet items (continued)

i. Loan commitments and guarantee (continued)

	The Bank					
	Up to 1 month US$	**1 to 3 months US$**	**3 to 12 months US$**	**1 to 5 years US$**	**Over 5 years US$**	**Total US$**
At 31 March 2021						
Unused portion of overdrafts	135,348,281	-	-	-	-	135,348,281
Bank guarantees	2,437,069	7,613,987	21,193,855	14,969,256	-	46,214,167
Letters of credit	1,756,474	8,279,768	1,895,146	-	-	11,931,388
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(101,681)	(467,781)	(1,022,822)	(9,791)	(1,602,075)
- Outflow	-	571,705	2,078,906	4,204,315	22,020	6,876,946
Net	-	470,024	1,611,125	3,181,493	12,229	5,274,871
Total	139,541,824	16,363,779	24,700,126	18,150,749	12,229	198,768,707

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

(d) Off-balance sheet items (continued)

i. Loan commitments and guarantee (continued)

	The Bank					
	Up to 1 month US$	1 to 3 months US$	3 to 12 months US$	1 to 5 years US$	Over 5 years US$	Total US$
At 31 December 2020						
Unused portion of overdrafts	120,108,962	-	-	-	-	120,108,962
Bank guarantees	2,525,862	8,901,002	20,446,986	14,957,812	-	46,831,662
Letters of credit	2,025,994	5,528,555	308,269	-	-	7,862,818
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	(55,905)	(497,068)	(1,022,263)	(7,569)	(1,582,805)
- outflow	-	526,497	2,200,304	4,501,866	12,583	7,241,250
Net	-	470,592	1,703,236	3,479,603	5,014	5,658,445
Total	124,660,818	14,900,149	22,458,491	18,437,415	5,014	180,461,887

ii. Other financial facilities

Other financial facilities are also included as above based on the earliest contractual date.

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

(e) COVID-19 pandemic and impact on liquidity

In line with the additional measures of the NBC which provides an additional liquidity to the banking and financial sector to mitigate the impact of COVID-19 pandemic, the Bank has also continued to place greater emphasis on liquidity management with introduced risk management measures and exit strategy to reduce liquidity risk and maintain business continuity such as:

- The Bank has maintained the optimal level of fund or cash-on-hand for operation at headquarters, branches, and ATMs in order to deal with the unprecedented events resulted from the COVID-19 pandemic;
- As part of the implementation of the contingency funding plan, the Bank has signed facility agreements with lenders for long-term loans (senior loans);
- Additionally, the Bank has communicated and negotiated with potential lenders for acquiring long-term loans (senior loans) for the year of 2021.

36. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities disclosed on Note 35. The Group and the Bank have an established framework and policies which provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuation of financial instruments are determined by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgment is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Group and the Bank follow methodologies that consider factors such as liquidity, bid-offer spread, and unobservable prices and inputs in the market and uncertainties in the assumptions and parameters.

The Group and the Bank continuously enhance its design, validation methodologies and processes to ensure the valuations are reflective. The valuation models are validated both internally and externally, with periodic reviews to ensure the model remains suitable for its intended use.

36. Fair value of financial instruments (continued)

Determination of fair value:

The Group and the Bank classify its financial instruments measured at fair value according to the following hierarchy, reflecting the significance of the inputs in making the fair value measurements:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial assets and financial liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Financial assets and financial liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets and liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets and liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank determine fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to, yield curves, equity prices, volatilities and foreign exchange rates.

Financial assets and financial liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters. The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

36. Fair value of financial instruments (continued)

Determination of fair value: (continued)

(a) Financial instruments measured at fair value

The Group and the Bank did not have significant amounts of financial instruments measured at fair value.

(b) Financial instruments not measured at fair value

As at the reporting date, the fair values of financial instruments of the Group and the Bank approximate their carrying amounts.

The estimated fair values are based on the following methodologies and assumptions:

i. Deposits and placements with other banks

Deposits and placements with other banks include current accounts which are non-interest bearing, savings deposits and short-term deposits. The fair value of deposits and placements with other banks approximate their carrying values at the reporting date due to the relatively short maturity of these instruments.

ii. Financial investments

- *Financial investments at FVOCI*

  This represents the Bank's investment in Credit Bureau Holding (Cambodia) Ltd. with 5% as equity cash investment and 1% through the Association of Banks in Cambodia. No fair value disclosures are provided for equity investment securities of US$153,529 (2020: US$153,529) that are measured at cost because their fair value cannot be reliably measured. The investment is neither redeemable nor transferable and there is no market for them. The Group and the Bank do not intend to dispose these investment.

- *Financial investments at amortised cost*

  Financial investments at amortised cost include NCD with the NBC with maturities of less than one year. The fair value of financial investments approximates their carrying values at the reporting date due to the relatively short-term maturity of these instruments.

iii. Loans and advances

The fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

36. Fair value of financial instruments (continued)

(b) Financial instruments not measured at fair value (continued)

iii. Loans and advances (continued)

Input into the models may include data from third party and information obtained from other market participants, which includes observed primary and secondary transactions. Its carrying value approximates to fair value at the reporting date.

iv. Deposits and placements of other banks and financial institutions and deposits from customers

The fair value of deposits and placements of other banks and financial institutions and deposits from customers with maturities of less than one year approximates their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits and placements of other banks and financial institutions and deposits from customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Group and the Bank offered similar interest rate of the instrument with similar maturities and terms.

The estimated fair value of deposits with no stated maturities, which includes non-interest bearing deposits, deposits payable on demand is the amount payable at the reporting date.

v. Other assets and other liabilities

The carrying amounts of other financial assets and other financial liabilities are assumed to approximates their fair values as these items are not materially sensitive to the shift in market interest rates.

vi. Borrowings and subordinated debts

The fair value of borrowings and subordinated debts are estimated by discounting the expected future cash flows using the applicable prevailing market interest rates for borrowings with similar risk profiles. However, only the contractual interest rates which are confirmed and provided by all lenders are available at the reporting date instead of the applicable prevailing market interest rates. The Group and the Bank believed that the effective interest rates were not significantly different to the prevailing market interest rates on the ground that there was no change to interest rates following the lenders' consideration on the Group's and the Bank's credit risk profile as at reporting date. On this basis, the fair value of borrowings and subordinated debts approximates their carrying values at the reporting date.

37. Capital risk management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirement set by the NBC;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of business.

The NBC requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Bank's net worth of at least equal to the minimum capital, and iii) comply with solvency ratio, liquidity coverage ratio and other prudential ratios.

The table below summarises the composition of regulatory capital which follows the requirements of the NBC. These amounts are based on the separate financial statements as at 31 March 2021 and for the period then ended.

	The Bank			
	31 March 2021 US$	31 December 2020 US$	31 March 2021 KHR'000 (Note 4)	31 December 2020 KHR'000 (Note 4)
Tier 1 capital				
Share capital	433,163,019	433,163,019	1,752,144,412	1,752,144,412
Share Premium	11,706,215	11,706,215	47,351,640	47,351,640
Retained earnings	114,271,715	138,414,769	462,229,087	559,887,741
General reserves	510,741,556	455,413,629	2,065,949,594	1,842,148,129
Less: Intangible assets	(12,653,437)	(13,884,558)	(51,183,153)	(56,163,037)
Less: Loans to related parties	(16,991,085)	(19,436,759)	(68,728,939)	(78,621,690)
	1,040,237,983	1,005,376,315	4,207,762,641	4,066,747,195
Tier 2 complementary capital				
General provision	47,375,422	44,467,660	191,633,582	179,871,685
Subordinated debts (*)	166,723,802	166,723,802	674,397,779	674,397,779
Less: Equity participation in banking or financial institutions	(71,310,571)	(71,310,571)	(288,451,260)	(288,451,260)
	142,788,653	139,880,891	577,580,101	565,818,204
	1,183,026,636	1,145,257,206	4,785,342,742	4,632,565,399

(*) This represents subordinated debts approved by the National Bank of Cambodia.

38 Tax contingencies

On 24 December 2018, the Bank obtained the letter on Tax Reassessment for the financial years ended 2009 to 2013 from Department of Enterprise Tax Audit of the GDT which has requested the Bank to pay the tax liabilities on various tax matters.

On 11 January 2019, the Bank lodged the administrative protests against the reassessment in accordance with the tax provisions. The protest letter was prepared by the Bank and submitted to the GDT on the grounds that the reassessment is not appropriate.

On 17 September 2019, the Bank received Notification Letter for Tax Collection from GDT, requesting for payment on tax in arrears resulted from above Tax Reassessment. On 23 September 2019, the protest letter was prepared by the Bank again and submitted to the GDT on the grounds that the reassessment is not appropriate. On 10 February 2020, the Bank received the Notification Letter from GDT on the temporary delay over tax collection related to above tax re-assessment.

Additionally, on 6 March 2020, the Bank received the Notification Letter from GDT to conduct tax audit for the fiscal years from 2015 to 2018 in which the Bank provided some requested documents to GDT on 2 July 2020. There has been no official response on the protest letter above as well as the outcome of the tax audit for the fiscal years from 2015 to 2018 from GDT as at date of these financial statements. Management believes that the tax liability recorded by the Bank is adequate.

39. Events after reporting period

Except for the ongoing impact of Covid-19 to the Group and the Bank as disclosed in Note 3 to the financial statements, no other significant events occurred after the end of the reporting period and the date of authorization of these financial statements, which would require adjustments or disclosures to be made in the financial statements.

40. Authorisation of the interim financial statements

The consolidated and separate interim financial statements as at 31 March 2021 and for the period then ended were approved for issue by the Board of Directors on 6 May 2021.